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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

ARAB MULTINATIONAL ENTERPRISES

AN ANALYTICAL COMPENDIUM

Prepared by the UNCTAD secretariat

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Annex

List of other multinational enterprises jointly established by Arab countries.

ABBREVIATIONS

ABC	Arab Banking Corporation
ACDIMA	Arab Company for Drug Industries and Medical Appliances
ACOLID	Arab Company for Livestock Development
ACP	African Caribbean and Pacific
ADWOC	Arab Drilling and Workover Company
AGESCO	Arab Geophysical Exploration Services Company
AJIB	Arab Jordan Investment Bank
APC	Arab Potash Company
APICORP	Arab Petroleum Investments Corporation
APSC	Arab Petroleum Services Company
ARADET	Arab Company for Detergent Chemicals
ARAVET	Arab Company for Veterinary Drug Industries and their Appliances
ARESCON	Arab Engineered Systems and Controls Company
ARMICO	Arab Mining Company
ASEAN	Association of South-East Asian Nations
ASRY	Arab Shipbuilding and Repair Yard Company
AUR	Arab Union Reinsurance Company
BAAM	Banque arabe africaine mauritanienne
BAII	Banque Arabe et Internationale d'Investissement
BANAGAS	Bahrain National Gas Company
BANIS	Banque Al-Baraka mauritanienne islamique
BCMA	Banque de Coopération du Maghreb Arabe
BDET	Banque de développement économique de Tunisie
BMCI	Banque mauritanienne pour le commerce international
BOAC	British Overseas Airways Corporation

BTKD	Banque Tuniso-Koweitienne de Développement
CALTRAM	Compagnie algero-libyenne de transport maritime
CARICOM	Caribbean Community
CCCE	Caisse centrale de coopération économique
CIAMIT	Ciment Amiante Tunisie
DAP	Diamonium phosphate
DEG	German Development Corporation
ECOWAS	Economic Community of West African States
EEC	European Economic Community
ENRDMC	Entreprise Nationale de Recherche et de Développement des Matériaux de Construction
FDA	Food and Drug Administration
FLUOBAR	Société minière de spath fluor et de barytine
CARMCO	Gulf Aluminium Rolling Mill Company
GCC	Gulf Cooperation Council
GIB	Gulf International Bank
ICF	Industries chimiques du fluor
IsDB	Islamic Development Bank
JPM	Jordan Phosphate Mining Company
KSC	Kenana Sugar Company
KPICO	Kuwait Pharmaceutical Industries Company
METRA	Arab Minerals and Metals Trading Company
OAPEC	Organization of Arab Petroleum Exporting Countries
OBU	Offshore Banking Unit Licence
ORCD	Organization for Regional Cooperation for Development
PTA	Preferential trade area of East and Southern Africa
SABIC	Saudi Arabia Basic Industries Corporation

SAFA	Société arabe de fer et de l'acier
SAMIA	Société arabe des industries métallurgiques
SAMIN	Société arabe des mines de l'Inchiri
SBC	Saudi-Bahraini Cement Company
SCG	Société de ciment de Gabes
SNIM	Société nationale industrielle et minière
SOFOMECA	Société de fonderies et de mécaniques
SOMIL	Société minière de Sidi Lahcen
SOTACIB	Société tuniso-algérienne de ciment blanc
SPIMACO	Saudi Pharmaceutical Industries Company
STUSID	Société tuniso-séoudienne d'investissement et de développement
SYLICO	Syrian Libyan Company for Industrial and Agricultural Investments
UAE	United Arab Emirates
UDEAC	Customs and Economic Union of Central Africa
ULCC	Ultra large crude carriers
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
VLCC	Very large crude carriers
YEMROC	National Company for Industrial and Construction Materials

INTRODUCTION

1. Multinational enterprises established by developing countries fulfil an important function as agents or instruments of economic cooperation among developing countries. This function was underlined by the Group of 77 Conference on Economic Cooperation among Developing Countries held at Mexico City in September 1976. 1/

2. The establishment of multinational enterprises by developing countries has received increasing emphasis in recent years. The many reasons prompting the organization of such enterprises include: "the need for the implementation of large-scale projects of greater amounts of capital than are available to any single country; the inadequacy of a single country's market for the production of certain goods and services which require economies of scale; easier access to capital markets and international financial institutions; the need to avoid the duplication, by several countries, of investment at the domestic level; enhanced negotiating capacity in certain sectors; development or import of advanced and costly technology; appropriate use of water resources belonging to more than one State; infrastructure projects of common interest; economic integration of a region or subregion and integration in frontier areas; equitable distribution of the costs and benefits of economic integration; and increased ability to compete with the transnational corporations". 2/

3. The UNCTAD definition of multinational enterprise has been adopted for the purposes of this study. 3/ The multinational character of an enterprise is accordingly defined by three indicators, multinational capital, multinational decision-making, and multinational economic cooperation objectives.

4. With the growing interest of developing countries in their potentialities, numerous enterprises of this kind have come into being. As other reports 4/ have shown, and as can be seen from this report, some of the enterprises established have worked well while others have been handicapped by difficulties of various kinds and of varying degrees of gravity that have circumscribed their activities and in some cases resulted in their liquidation.

5. At the subregional level, some economic cooperation and integration associations of developing countries have agreed on common rules for enterprises of this type. 5/ Such rules have been established for example by the Andean Group, the Caribbean Community (CARICOM), the Central African Customs and Economic Union (UDEAC) and the Central American Common Market. Other groups of countries have adopted regimes for the establishment or encouragement of multinational enterprises. These include the regimes for industry agreed by the River Mano Union, the charter for multinational industrial undertakings of the preferential trade area (PTA) of East and Southern Africa, the protocol on enterprises of the Economic Community of West African States (ECOWAS) and the Organization for Regional Cooperation for Development's agreement on enterprises. Other groups are examining the possibility of establishing regimes of this kind. The Economic Community of West Africa (CEAO) is, for instance, considering a draft standard memorandum

of association for multinational enterprises. A draft law on Arab joint undertakings is also under consideration and ASEAN has developed a draft framework agreement on joint enterprises.

6. At the interregional level, the creation of joint enterprises by developing countries and the organization of inter-enterprise cooperation are the focus of considerable interest. One of the measures approved by the Mexico City Conference of the Group of 77 on Economic Cooperation among Developing Countries in 1976 was the creation of multinational enterprises by developing countries. The Conference asked the UNCTAD secretariat to furnish any technical cooperation needed and the Committee on Economic Cooperation among Developing Countries approved this in its resolution 1 (I) of 9 May 1977. The secretariat has prepared a number of reports, the principal topics being the legal and institutional aspects of the formation of multinational enterprises and the identification of sectors in which the creation of such enterprises would be feasible. 6/ In addition, the UNCTAD secretariat, in collaboration with the United Nations Development Programme, has prepared under project RAF/88/006 a draft agreement on the legal regime for joint enterprises from the two regions of Africa and Latin America. It is also working on the promotion of joint enterprises between the enterprises of the countries of Africa, the Caribbean and the Pacific (ACP).

7. This report is a component of an UNCTAD secretariat work programme on cooperation between developing-country enterprises which covers such matters as the promotion of joint enterprises and investments, encouragement of the flow of capital to developing countries, the dissemination of information on inter-enterprise cooperation, the better use by enterprises of the opportunities resulting from freer trade and the facilitation of joint investments under the agreements and programmes of developing-country associations for economic integration and cooperation, and the enhancement of inter-enterprise cooperation and the management and operating capabilities of enterprises through the cooperative machinery and programmes of existing organizations for economic cooperation in the developing countries.

8. Studies similar to this document have been prepared on the multinational enterprises of Latin America 7/ and those of sub-Saharan Africa. 8/ A study on the multinational Andean enterprises will likewise be published shortly. This report on the joint Arab enterprises will thus complement those works and, at the same time, make it possible to compare the various subregions. This study of the joint enterprises of the Arab region has been carried out in the same way as the studies on the other subregions, inasmuch as its purpose is to indicate in summary form the main characteristics of the Arab multinational enterprises as regards their composition, establishment, legal nature, objectives, capital resources, organization and activities. All the enterprises examined here have been constituted jo[illegible]tly by Arab economic entities, and those with non-Arab participation, even by other developing countries, have not been considered. The analysis thus relates to 34 enterprises, all having their headquarters in an Arab country, which are presented in this document in the chronological order of their establishment. In addition, a list of Arab multinational enterprises, which have not been given detailed treatment in this report, owing to the non-receipt of the necessary information, is annexed to this document.

9. For the purposes of this study, Arab countries means the following 20 States: Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libyan Arab Jamahiriya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, Tunisia, United Arab Emirates and Yemen. Of the enterprises studied, nine are situated in Jordan, six in Bahrain, four each in Mauritania and Tunisia, three each in Saudi Arabia and the Syrian Arab Republic, two in the Libyan Arab Jamahiriya and one each in Algeria, Djibouti and the Sudan. As regards participation in the establishment of multinational enterprises, Kuwait and Saudi Arabia are the most active, followed by the United Arab Emirates, Qatar, the Libyan Arab Jamahiriya, Jordan, Bahrain and Iraq.

10. Several enterprises have been established under the auspices of the main regional or subregional cooperation organizations. The Council for Arab Economic Unity sponsored the establishment of the Arab Mining Company (ARMICO), the Arab Company for Livestock Development (ACOLID) and the Arab Company for Drug Industries and Medical Appliances (ACDIMA); the Organization of Arab Petroleum Exporting Countries (OAPEC) set up the Arab Shipbuilding and Repair Yard Company (ASRY), the Arab Petroleum Investments Corporation (APICORP) and the Arab Petroleum Services Company (APSC); the Arab Union Reinsurance Company (AUR) was established by the Union of Arab Republics; the Economic Council of the Arab League founded the Arab Potash Company (APC); and the Gulf Cooperation Council set up the Gulf Aluminium Rolling Mill Company (GARMCO). In addition, other enterprises have also a regional significance, such as Gulf Air, the Arab Investment Company and the Arab Banking Corporation (ABC), or a subregional significance as in the case of the Compagnie algéro-libyenne de transport maritime (CALTRAM).

11. The legal status of the multinational enterprises varies considerably. 9/ Most of them were created by virtue of international public law, such as Gulf Air, AUR, the Arab Investment Company, APICORP, ASRY, ARMICO, ACOLID, the Société arabe des industries métallurgiques (SAMIA) and APSC; others were established by a contract under private law, such as the Kenana Sugar Company (KSC), the Syrian Libyan Company for Industrial and Agricultural Investments (SYLICO), the Saudi-Bahraini Cement Company (SBC) and most of the banks considered; others again, such as APC and CALTRAM, were created by provisions of international law and municipal law.

12. The same is true with regard to legal personality. In the case of most of the enterprises, it derives either from a provision of international law (Gulf Air and the Arab Investment Company) or from municipal law (AUR, KSC, SYLICO, SBC, the Société tuniso-algérienne de ciment blanc (SOTACIB) and most of the banks considered). In other cases, it derives from both international and municipal law (APC and APSC).

13. The law applicable to these enterprises is equally varied. While some enterprises, such as Gulf Air or AUR, apply international public law exclusively, others (APC, ASRY, Jordan Paper and Cardboard Factories Company, APICORP, SAMIA and the Jordan Fertilizer Industry Company) apply both international law and, on a subsidiary basis, municipal law. Still others, such as KSC, SYLICO, SBC, GARMCO, SOTACIB and most of the banks considered, apply municipal law only.

14. With regard to structure, the most common forms is that of limited companies either with private shareholding only (KSC, SOTACIB and Al-Baraka Djibouti) or with both State and private participation (APC, Société tuniso-séoudienne d'investissement et de développement (STUCID), SAMIA and Jordan Paper and Cardboard Factories Company). Some enterprises are organized as joint stock companies (Gulf Air, AUR and the Arab Investment Company) while others are organized as public sector undertakings (ACDIMA, Jordan Gulf Bank and the Arab Jordan Investment Bank (AJIB)).

15. Some enterprises enjoy privileges and immunities granted them by all the States that are shareholders (Gulf Air, ASRY, AUR, the Arab Investment Company, APICORP, ARMICO, APSC, ACMIMA and the Arab Company for Veterinary Drug Industries and their Appliances (ARAVET)) or by the host country (KSC, Jordan Fertilizer Industry Company, ACOLID, the Gulf International Bank (GIB), the Syrian-Jordanian Company for Industry and SYLICO). In general, these privileges and immunities are exemption from ordinary legal processes and/or customs and fiscal privileges.

16. At the organizational level, a certain uniformity of the internal structure of all the enterprises considered may be noted. The general meeting of shareholders is the deliberative organ while the board of directors and managing director are responsible for running the enterprise.

17. As regards the capital holdings, many of the enterprises are owned by the States or by Arab public-sector undertakings. Ten of these enterprises have a capital made up of shareholdings by several Governments (Gulf Air, ASRY, AUR, the Arab Investment Company, APICORP, ARMICO, GIB, APSC, ACDIMA and the Arab Banking Corporation (ABC)) and eight have only two State shareholders (CALTRAM, SAMIA, Syrian-Jordanian Company for Industry, SYLICO, SBC, STUCID, Banque Tuniso-Qatarie d'Investissement and SOTACIB). The capital comes not only from the public sector but also from the private and mixed sectors. Thus, in the cases of APC, Banque de développement de Tunisie (BDET), Libyan Arab Foreign Company, Jordan Paper and Cardboard Factories Company, KSC, ACOLID, AJIB, the Kuwait Asia Bank, GARMCO, SOTACIB and ARAVET, the capital is mixed, whereas in the cases of the Arab Drilling and Workover Company (ADWOC), Al-Baraka Djibouti, the Banque Al-Baraka mauritanienne islamique (BANIS) and the Banque mauritanienne pour le commerce international (BMCI), the capital comes from the private sector.

18. Some international, regional or subregional financial agencies also make capital contributions to the Arab joint enterprises. Thus, for example, the Islamic Development Bank (IsDB) has shares in APC and Jordan Fertilizer Industry Company, the Caisse centrale de coopération économique (CCCE) has shares in BDET and the Arab Authority for Agricultural Investment and Development is a shareholder of KSC. Some Arab multinational enterprises have also invested in other pan-Arab projects. They include ARMICO, the Arab Investment Company, Cairo-Amman Bank, Gulf Fisheries Company, APICORP, APSC, STUCID and ACDIMA. On the other hand, the shareholdings of developed countries in the capital of the enterprises considered are negligible, there being minority holdings only in KSC, Jordan Fertilizer Company and BDET.

19. As regards activities, the Arab multinational enterprises are engaged primarily in the industrial sector (12 of the enterprises considered), secondly in banking (10 enterprises) and then in the financing and services sectors with six enterprises each. Several of the enterprises (ASRY, KSC, SBC, GARMCO and the Syrian Jordanian Company for Industry) made use of foreign technology to launch their operations and subsequently endeavoured to develop the acquired know-how by means of research and/or training of their Arab staff. It is noteworthy that the vast majority of the enterprises favour Arabization, with respect to both the labour force, including management, and the capital holdings, e.g. Gulf Air. It is also noteworthy that, of the Arab multinational enterprises, it is the banking sector that has encountered the greatest difficulties in recent years, firstly in connection with the banking crisis of October 1987, which affected a number of the banks existing at that time, and then with the crisis resulting from the Gulf war. Further information on the activities of the various enterprises will be found below in the chapters on individual enterprises.

20. The main sources used in preparing this report were the memoranda of association, the statutes and the reports of the enterprises. The enterprises included in the report are those concerning which the UNCTAD secretariat has received information. A preliminary version of the report was circulated to the enterprises considered so that they could submit comments and propose any changes they deemed necessary. The final version thus incorporates the suggestions of the enterprises themselves.

21. The memoranda of association of the various enterprises and their most recent reports are available from the UNCTAD Division for Economic Cooperation (Palais des Nations, Geneva).

ARAB MULTINATIONAL ENTERPRISES

I. GULF AIR COMPANY

A. **Member Countries**

22. Bahrain, Oman, Qatar and the United Arab Emirates.

B. **Headquarters**

23. P.O. Box: 138, Manama, Bahrain; Telephone: 322200/531166; Telex: 8255 GULFHQ BAH BN; Fax: 292293/530385; Mr. Yousuf Ahmed Al Shirawi, Chairman; Mr. Salim Bin ali Bin Nassir Assiyabi, President and Chief Executive.

C. **Background**

24. Gulf Air, the national carrier for Bahrain, Oman, Qatar and the United Arab Emirates, is 42 years old. Today, it is a thriving international airline with flights to 38 destinations in 5 continents.

25. Gulf Air was founded on 24 March 1950 by a group of local businessmen who gave their support to a young British pilot, Freddie Bosworth, and was known as the Gulf Aviation Company. Bosworth had been operating an air taxi from Bahrain, Doha, Dhahran and Sharjah, but the volume had reached the point where a properly organized airline transport company was needed to service the growing economic and commercial ties between the Gulf States and the outside world.

26. The Company started operations with one **Anson Mark I** aircraft which flew between Bahrain, Doha, Dharhan and Sharjah. Soon, due to increased demand, two more aircraft were required and a **de Havilland** and an **Auster** joined the fledgling fleet. In just one year, demand for services was so high that, with an injection of capital from the British Overseas Airways Corporation (BOAC), the Company added four more **de Havillands** and four **Douglas DC-3s** to the fleet. BOAC became the major shareholder, a position it maintained until 1974.

27. From the beginning, the Company played a vital role in the development of aviation in the Gulf. Its importance was clearly seen in the ever-increasing number of passengers and the demand to lease aircraft, particularly by oil companies operating in the Gulf. This led to the purchase of three **Fokker Friendship** aircraft, one each in 1967, 1968 and 1969.

28. The Company continued to grow and prosper. Inevitably, to keep pace with international aviation development and the increased demand on its network and to maintain the standards of service for passengers, it had to enter the jet age. In January 1970, the Company purchased its first **BAC 1-11** and leased **VC10** aircraft from BOAC. The first international flight outside the Gulf area took place in April 1970 when a **BOAC 1-11** flew Gulf Air colours to London.

29. With the coming of political independence to the region, the four owner States of Bahrain, Oman, Qatar and the United Arab Emirates decided to establish a jointly-owned national carrier. Private shareholdings in

Gulf Air were gradually acquired and the treaty establishing new joint ownership of Gulf Air was declared by the four rulers on 1 January 1974.

D. **Legal nature**

30. Gulf Air was established by treaty as a joint stock company with limited liability by and between Bahrain, Oman, Qatar and the United Arab Emirates. It is endowed with legal personality in the territory of its member States, whether in relation to the said member States or to other States, and has the right to enter into contracts and engage in all other legal dealings.

31. The Company is entitled to establish branches, offices or agencies either in the territories of the member States or abroad, as well as to perform all activities and exercise all powers consistent with or conducive to the attainment of its objectives, and in particular to borrow monies whether from Governments, banks, corporations or other companies.

32. The Company is registered in the Commercial Register in each member State, while the Company's aircraft are registered in the national register of Oman and bear its nationality and registration marks. However, all aircraft are deemed the property of the Company, irrespective of the State in which they are registered. The Company is governed by the provisions of the Treaty and Articles of Association.

33. In addition, the Governments of the member States granted the Company the following privileges: (a) guarantee against nationalization or confiscation of the Company's property; (b) the Company's property, including its aircraft, are not subjected to precautionary attachments, or to attachment in execution for any debt falling due; (c) exemption from taxes and levies on share profits, registration, purchase and sale or import and export of aircraft parts, equipment and all other materials for the supply of aircraft stores; (d) exemption from currency restrictions and import and export procedures; and (e) exemption for the Company's staff and employees from taxes on their salaries and gratuities, and from immigration and passport restrictions.

E. **Objectives**

34. Recognizing the importance of air transport and its future in pursuit of the fast progress in the field of civil aviation, the Governments of Bahrain, Oman, Qatar and the United Arab Emirates, agreed to establish Gulf Air Company in order to increase their economic cooperation and expand their resources, as well as to unite their efforts and capabilities with the aim of supporting a prosperous air transport utility between their countries and the outside world.

F. **Capital**

35. The initial authorized capital of Gulf Air Company was BD 28 million, divided into 280,000 ordinary shares having each a value of BD 100. 10/ It was equally subscribed to by the Governments of Bahrain, Oman, Qatar the United Arab Emirates for an amount of BD 7 million each. The capital has since been increased to BD 100 million divided into one million shares of

BD 100 each, of which BD 40 million were issued and fully paid, the distribution among shareholders remaining the same. The shares of the Company are nominal and indivisible and the liability of the shareholders is limited to the value of their shares.

G. **Organization**

36. The structure of the Company is based on two major organs which are the General Assembly and the Board of Directors. In addition, an Executive Committee representing the four member States has been established.

37. The General Assembly represents the member States and all the shareholders; only the representatives of the member States are allowed to attend the General Meeting. The meeting does not have a quorum unless attended by a number of States representing more than half of the shares, and decisions are taken by simple majority of the shares represented. The General Assembly is empowered to decide on the running of the Company, the approval of the final accounts, the profit and loss account, and the reports of the Board of Directors and of the Auditors, as well as their appointment and the determination of their remuneration.

38. The Company is managed by a Board of Directors, consisting of four directors from each member State who are appointed for a renewable term of three years, the office of Chairman rotating by alphabetical order of the member States for each period of one year. The Board meets at least once every three months and its decisions are taken by majority of the directors present and voting. It has the power to control and deal with the Company's affairs and to adopt the policy to be followed by the Company.

39. The Executive Committee lays down the general air transport policy of Gulf Air in the territories of member States and the means of its promotion in respect of the following: (a) consolidation of the Company as the chosen national carrier for the member States, including the provision of direct and indirect aids and subsidies, loans and the facilitation of its operations; (b) coordination between member States in order to maintain unified positions with respect to bilateral and multilateral air transport agreements so as to maintain the interests of the Company and to ensure the utmost possible traffic rights; (c) unification of civil aviation laws and regulations of the member States; and (d) coordination of the positions relating to the ratification or adherence to international civil aviation treaties and also international conferences and forums.

H. **Operations**

40. The Company is engaged in the transportation of passengers and freight on a scheduled and charter basis. Its fleet of 8 **Tristars**, 10 **Boeing 737s**, and 9 **Boeing 767-300ER** cover an international network of 37 destinations. The end of 1991 saw the addition of 3 more **Boeing 767** aircraft. Gulf Air will also take delivery of 12 **Airbus A-320s**, 4 each in 1992, 1993 and 1994. The present plan is for an eventual phase-out of the **Tristar** aircraft, to be replaced by another wide-bodied aircraft yet to be decided.

41. The synergy created by the complementary western and eastern spheres of the Company's operations resulted in more demand for freight capacity, and to meet this an all-freighter service between Europe and the Gulf began at the end of 1987. At the same time, the Company launched its Golden Falcon Executive Club service, to give special attention to regular commercial travellers, not only on board but also throughout their business trips, and it set up its own package tour programmes with the introduction of East African services. These tours, otherwise known as Golden Falcon Holidays, offer safari and beach holidays in Kenya and the United Republic of Tanzania.

42. Gulf Air Company has a subsidiary registered in the United Kingdom, Gulf Helicopters Limited, which is wholly-owned by the Company and whose fleet consists of six **Bell 212s** and one **Bell 206**. Four of the **Bell 212s** have been used exclusively to provide an offshore support service to Qatar General Petroleum Corporation. The remaining two **Bell 212s** give support to SOHIO Qatar Petroleum Company and other clients requiring helicopter services in the Gulf area. Operations were commenced in Oman with the **Bell 206** which was brought to establish a presence in that country and develop the market. In addition, the Company has investments in associated companies, namely: (a) Bahrain Hotels Company in Bahrain (in which Gulf Air holds 41 per cent; (b) Gulf Aircraft Maintenance Company in Abu Dhabi (40 per cent); (c) Bahrain Airports Services in Bahrain (30 per cent); and (d) Gulf Hotel Limited in Oman (25 per cent).

43. The Company has focused cost reductions on two main areas: outside maintenance contracts and in-house repair costs and resources. In the former category, it made a change of contractors for the **Tristar** engines and components, and a move of activities from Hong Kong to London, whilst absorbing technical management, technical records and planning into the Company without any increase in staff. In addition, the aircraft maintenance was moved to the new facilities of GAMCO at Abu Dhabi, thereby drastically reducing dependence on outside agencies.

44. In order to maintain its reputation in customer services, Gulf Air places top priority on the training of cabin staff, hospitality, safety and first aid. The Company also carries out intensive training programmes to upgrade staff in all the main functions of the airline, including operations, engineering, finance, marketing and administration. A substantial budget has also been allocated for training of national pilots and flight engineers. It is planned for nationals of the four owning States to be qualified to run and maintain Gulf Air's fleet in the near future. The Company attaches equal importance to its administration, with particular attention paid to nationalization. Already the Company's top positions both at headquarters and outstations are held by nationals.

45. The Company's reputation for safety and service was rewarded by the British Safety Council in 1980 and 1981, by readers of Executive Travel Magazine who voted Gulf Air the best airline to the Middle East in 1982 and 1983, by readers of Air Cargo News International and British Shipper and Forwarder, who voted Gulf Air the best cargo carrier to the Middle East in 1984, 1985 and 1986. In 1987 the Company was awarded, for its highly commended in-flight services, a certificate known as the Mercury Award, presented by the International Flight Catering Association (IFCA).

II. ARAB POTASH COMPANY (APC)

A. Members

46. Iraq, Jordan, Kuwait, and Saudi Arabia, the Islamic Development Bank, the Arab Mining Company and the Libyan Arab Company for Foreign Investments are also participants.

B. Headquarters

47. P.O. Box: 1470 Amman, Jordan; Telephone: 666165/6; Telex: 21683/22152 POTASH JO; Fax: 674416; Mr. Omar A. Dokhgan, Chairman; Mr. Ali Y. Ensour, Managing Director.

C. Background

48. The Arab Potash Company (APC) is an Arab-supported venture founded in 1956 by special law No. 16 of 1958 to exploit minerals contained in Dead Sea brine. Several technical and design studies were undertaken, but implementation of the project was halted by the 1967 hostilities. In 1974 the project was reactivated, a feasibility study was issued in 1976, and a decision was taken to increase plant capacity to 1.2 million metric tons of potash. Production commenced in 1982 and a modification was carried out in 1987 to increase capacity to 1.4 million metric tons. In 1989 a feasibility study was prepared to expand production by an additional 800,000 metric tons in two stages of 400,000 tons each. The cold crystallization process will be used in the new facility. Commissioning of the new facility is scheduled for the first quarter of 1994.

D. Legal nature

49. The Arab Potash Company is a limited company with public and private participation. It is governed by its Memorandum and Articles of Association, and in a subsidiary fashion by the law of the headquarters State, in so far as that law is not superseded by the establishing Agreement. It conducts its activities on a commercial basis and enjoys the legal personality necessary for the realization of its objectives.

E. Objectives

50. As stated in the Agreement of Establishment, the Company aims at exploiting minerals contained in Dead Sea brine: such as potassium, magnesium, bromine and any other salts and minerals. At present only potassium chloride has been extracted. However, several studies have been carried out on the extraction of other minerals. The Company is now involved in a study to determine the feasibility of establishing a chemical complex which will be targeted at extracting other minerals and salts from Dead Sea brine and establishing downstream industries.

F. **Capital**

51. The Company's initial capital was JD 4.5 million. 11/ The capital was subsequently increased several times, to reach JD 72.45 million at present. The following countries and organizations are the Company's major shareholders, with their respective shareholding percentages: (a) Jordan Investment Corporation (56.7 per cent); (b) Arab Mining Company (22.8 per cent); (c) Islamic Development Bank (5.5 per cent); (d) Iraq (5.2 per cent); (e) Kuwait and the Libyan Arab Company for Foreign Investments (4.3 per cent each); (f) Saudi Arabia (0.4 per cent); and (g) others, mainly individuals (0.8 per cent).

G. **Organization**

52. The Board of Directors consists of 17 members, including a Chairman and a Deputy Chairman; the Chairman and the Managing Director are elected from among the representatives of the Jordan Investment Corporation, and the Deputy Chairman is elected from among the representatives of the Arab Mining Company. In all, nine members represent the Jordan Investment Authority, three are representatives of the Arab Mining Company, two represent the Islamic Development Bank; Iraq, Kuwait and the Libyan Arab Foreign Investment Company have one representative each.

H. **Operations**

53. APC's plant is located in Safi at the southern end of the Dead Sea, and potash is transported from there to Aqaba by the Company's own fleet. The Aqaba branch then ships it to 27 countries on 81 ocean-going vessels.

54. In 1989, potash production totalled 1.3 million metric tons, thus surpassing initial design capacity by almost 10 per cent. At the same time, profits jumped by more than six times to top JD 41.5 million, from JD 6.8 million in 1988. The net sales of the Company were JD 72.4 million, which is a 60 per cent increase over 1988, principally due to the increase in the sales price for potash and the depreciating value of the Jordanian Dinar. The Company's total sales in United States dollars were 127 million, representing 1.25 million metric tons of product distributed to 27 countries, with India and China receiving 52 per cent of total sales. The total amount sold to the Asian region was 1.04 million metric tons, or 82.75 per cent of total sales, while the West and Arab countries received 217,058 metric tons, or 17.25 per cent of total sales.

55. A preliminary feasibility study for expanding production to 1.8 million tons of product by cold crystallization has been completed, and the pilot plant erected has shown encouraging initial results, proving the high efficiency and low cost advantages of this technique. In as far as diversification is concerned, the Governmental Higher Committee for Chemical Industry has overseen an agreement with the Jordan Industrial Consortium Engineering Company and three other consultants for conducting a major techno-economic evaluation of the proposed chemical complex.

III. BANQUE DE DEVELOPPEMENT ECONOMIQUE DE TUNISIE (BDET)

A. Member countries

56. Oman and Tunisia, Arab Foreign Bank, Banque Nationale de Paris, Caisse centrale de coopération économique, DEG and Société financière d'investissement are also shareholders.

B. Headquarters

57. 34 rue El Hedi Karray, B.P. 48, 1080 Tunis Cedex, Tunisia; Telephone: 718000; Telex: 14133/14382; Fax: 713744; Mr. Tijani Chelli, Managing Director.

C. Background

58. For the purpose of collecting savings and reinvesting them in industrial projects, the Société Nationale d'Investissement (SNI) was established by Act No. 59/29 of 28 February 1959, its capital having been accumulated by a vast subscription campaign. SNI began its activities by taking up many shareholdings and, in 1966, it redefined the general principles and guidelines of its operations, extending them to the granting of long-term and medium-term loans to finance industrial and tourism projects. In 1973, the Company changed its name to the Banque de Développement Economique de Tunisie.

D. Legal nature

59. The Banque de Développement Economique de Tunisie is a limited liability company, governed by current Tunisian company law and by its own statutes.

E. Objectives

60. The objective of BDET is to finance economically and financially viable projects by means of capital holdings in companies and medium- and long-term loans in foreign and local currencies. It operates mainly in the industrial, touristic and agricultural sectors. It can also finance other sectors of activity (services linked with industry, tourism and agriculture, transport and real estate). In addition, it manages securities portfolios and acts as a broker on the stock exchange.

F. Capital

61. The Bank's capital was initially fixed at 250 million Tunisian dinars 12/, the bulk of which was subscribed by the Tunisian State. The BDET capital was subsequently increased several times, bringing it to TD 35 million 13/ and making possible a diversification of its share capital, the present structure of which consists, on the one hand, of Tunisian shareholders (the State is still the largest) which hold 63.95 per cent of the shares, and, on the other, of foreign shareholders (the main ones are the State of Oman, the Caisse centrale

de coopération économique, Libyan Arab Foreign Company, DEG (German Development Corporation), Société financière internationale and the Banque Nationale de Paris), which hold the remaining 36.05 per cent of the shares.

G. **Organization**

62. The Bank's deliberative organ is the General Meeting, which elects a Board of Directors responsible for managing the Company. The Board has 12 members. The Board's meetings require a quorum of the majority of its members and its decisions are taken by a simple majority of those present.

H. **Operations**

63. In 1990, BDET financing approvals amounted to D 136.7 million covering 152 projects, as against D 123.4 million for 124 projects in 1989. This significant increase - of 10.7 per cent - resulted from (a) an extension of BDET activities to new sectors, particularly mining and services, which accounted for 6.2 pér cent of the financing approvals for the year 1990; and (b) the continued growth of approvals for the traditional sectors.

64. The increase for industry related mainly to the three following sectors: (a) agricultural and food industries (11.9 per cent of the total); (b) textiles, clothing and leather (11.2 per cent of the total); and building materials, ceramics and glass (7 per cent of the total). Some 77 industrial projects were approved for financing in 1990, 51.5 per cent of which were new projects, the remaining 48.5 per cent being extension, modernization and restructuring projects.

65. Approvals for the tourist sector were up and occupied the first place, with 56.8 per cent of the total financing. They covered 63 projects, most of which were new (78.9 per cent of the approvals in the sector).

66. As regards regional distribution, the proportion of projects outside the Greater Tunis area increased from 80.9 per cent in 1989 to 84 per cent in 1990.

67. As for results, 1990 profits amounted to D 5,915 million, an increase of 12.4 per cent on 1989, and the total balance was D 4441.1 million in 1990, as against D 381.4 million in 1989.

IV. ARAB SHIPBUILDING AND REPAIR YARD COMPANY (ASRY)

A. **Member Countries**

68. Bahrain, Iraq, Kuwait, Libyan Arab Jamahiriya, Qatar, Saudi Arabia and the United Arab Emirates.

B. **Headquarters**

69. P.O. Box: 50110, Manama, Bahrain; Telephone: 671111; Telex: 8455 ASRY BN; Sheikh Daij Bin Khalifah Al-Khalifah, Chairman; Mr. Antonio Machado Lopes, General Manager.

C. **Background**

70. In 1968 the members of the Organization of Arab Petroleum Exporting Countries (OAPEC) decided to set up a company with the aim of building a shipyard big enough to accommodate very large crude carriers (VLCCs) and ultra large crude carriers (ULCCs) in the Persian Gulf. Bahrain was selected as the headquarters country because of its favourable geographical situation, the depth of its waters, the development of its industrial infrastructure and the availability of its manpower. In March 1972 the OAPEC Council of Ministers requested a feasibility study for the establishment of a shipyard, and several firms submitted projects. A management contract was concluded with the Lisnave Shipyards, of Portugal, in 1973 and the Council of Ministers ratified it the following year. Lisnave undertook to supervise the construction and to provide management and equipment during operations. Construction began at the end of 1975 and the Company was ready to commence activities by the end of 1977.

D. **Legal Nature**

71. The Arab Shipbuilding and Repair Yard Company was established by an Agreement signed in Kuwait on 8 December 1973 by seven OAPEC member countries. The Company enjoys legal personality and full competence required for the realization of its objectives. It has the nationality of the State of its headquarters and has the right to operate in the territories of the other member States, where it enjoys the same treatment as national companies in relation to advantages and facilities. ASRY is basically subject to the provisions of the Agreement, even if these provisions contravene the internal law of any member State. However, in the absence of appropriate provisions in the Agreement, the common principles of the laws of the member States apply to the extent that such principles are in conformity with the Agreement. The Company is empowered to create affiliated companies for the realization of its objectives; each company so created has a distinct legal personality and in all cases the majority of their capital must be owned by ASRY.

E. **Objectives**

72. The main purposes of the Company are the construction, maintenance and repair of all types of ships, tankers and other means of maritime transport relating to hydrocarbon substances and others, including the repair of heavy electrical and industrial equipment and the construction of steel structures and high-pressure vessels for land and sea purposes. The construction of such a dry dock in the Persian Gulf was expected to provide the following benefits for the participating countries: (a) investment of oil money for social and economic development; (b) realization of cooperation and economic integration through joint ventures; (c) provision of training opportunities for nationals; (d) creation of skilled and specialized Arab manpower; (e) provision of opportunity for commercial profit; (f) realization of cooperation between the oil-exporting countries and industrialized ones through services for ULCC/VLCCs; and (g) promotion of the social and economic development of Bahrain through the broadening of its economic base and the diversification of its sources of national income.

F. **Capital**

73. The Company's authorized capital is fixed at US$ 340 million divided into 3,400,000 shares with a nominal value of US$ 100 each. The capital has been fully subscribed and paid up, and is distributed as follows: (a) Bahrain, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates hold 18.84 per cent each; (b) Iraq holds 4.7 per cent; and (c) 1.1 per cent is held by the Libyan Arab Jamahiriya. The right to participate in the Company is restricted to OAPEC member States.

G. **Organization**

74. The General Meeting is the Company's deliberative body and deals, inter alia with the appointment of the Board of Directors, amendment of the statutes, increases or reductions in capital, and liquidation of the Company. The General Meeting also examines the budget and approves the annual report. It has as many national groups as there are member States; each group comprises the member State, together with those for its nationals who hold shares. The quorum required in order to hold a session and take decisions is a simple majority of shareholders, except for resolutions on specifically agreed items which require approval by two-thirds of the subscribed shareholders with paid-up capital.

75. The Board of Directors is the executive body and deals, inter alia with the appointment of the General Manager for the administration of the Company, the preparation of the annual report, the execution of technical and economic studies, and the conclusion of contracts relating to the Company's purposes. The Board comprises a representative and his respective alternate for each member State; each director has as many votes as the number of shares that his national group controls. The Board meets whenever convened by its Chairman. The quorum for meetings and for the taking of decisions is the simple majority of members.

H. **Operations**

76. Conceived as a facility to repair VLCC/ULCCs operating in the Persian Gulf, ASRY was inaugurated in 1977. The yard is equipped with a 500,000 dwt graving dock and four VLCC repair berths supported by large modern workshops designed to the highest international standard, thus enabling ASRY to compete on even terms with the best yards in Europe, the United States and the Far East. The shipyard's facilities are complemented by six tug boats of 32 tons bollard pull, a floating crane with 200 tons lifting capacity and a barge of 10,000 dwt.

77. From October 1977 up to end of 1988, total tonnage repaired in the yard amounted to 116.77 million dwt and the number of ships repaired totalled 863. In 1988 the number of Arab Fleet vessels repaired by ASRY amounted to 40 per cent of the vessels repaired. A total of 266 tenders were sent to ship owners/agents during that year, and of these 77 tenders were successful, or about 29 per cent; this can be attributed to the realistic and competitive prices submitted.

78. Concerning manpower, the total employees of the Company in 1988 amounted to 609, of which 62 per cent were Arabs, 31 per cent were from the Far East and 7 per cent were Western expatriates. ASRY has continued to invest in training, and 295 members of the personnel attended 160 management, craft and vocational courses in the framework of the Training and Development Programme for its Arab employees.

79. ASRY has its own marketing company, ASRYMAR, established in 1974 and headquartered in London, with 21 agents in the world's most important shipping centres. The company, which is operating in a highly competitive market, sells ASRY's services, and the whole of its capital is held by ASRY. Moreover, ASRY has established two subsidiaries, ASRYPROPELS and ASRYWELD. The first company is a joint venture with the Lips United B/B Company and has a capital of US$ 150,000 in which ASRY holds 67 per cent of the shares. The second joint venture, ASRYWELD, was set up with the Swiss company Castolin S.A. Its capital is US$ 50,000 and ASRY holds 60 per cent of the shares. The Company undertakes welding work requiring high technical standards and the repair and reconditioning of parts.

V. JORDAN PAPER AND CARDBOARD FACTORIES COMPANY LIMITED

A. Members

80. Jordan, the Arab Investment Company and the Cairo-Amman Bank.

B. Headquarters

81. P.O. Box: 1717, Amman, Jordan.

C. Background

82. At the beginning of the 1970s, the Government of Jordan started to be interested in producing locally products that the country needed instead of importing them. Looking for partners, the Government contacted Arab companies and financial institutions. With a view to their joint participation in the project for the production of paper, cardboard and by-products, an agreement was signed in 1973 between the different partners and the Company was allowed to commence its operations from the date of registration by the Controller of Companies.

D. Legal nature

83. The Company was set up as a limited company with public and private sector participation and was registered with the Controller of Companies at the Ministry of National Economy of Jordan as Number 76 on 4 March 1973. The activities of the Jordan Paper and Cardboard Factories Company Limited are governed by the provisions of its Deed of Incorporation and the annexed Statutes, as well as by the Companies Law in force in Jordan. The Company is entitled to open and transfer branches or agencies wherever it desires, whether inside or outside Jordan.

E. **Objectives**

84. The main objectives for which the Company was incorporated are the following: (a) to establish factories for the production and marketing of paper, cardboard and products manufactured therefrom such as paper bags and cardboard boxes; (b) to engage in all activities deemed beneficial or necessary for the Company and this for the account of the Company itself or with other companies on a partnership basis; and (c) to conduct studies and investigations and to employ technical experts with a view to the achievement of economic projects connected with all or any part of the objectives of the Company.

F. **Capital**

85. The authorized capital of the Company is JD 1.5 million divided into one and a half million individual shares having a value of one Jordanian dinar. The principal shareholders of the Jordan Paper and Cardboard Factories Company Limited, and their respective participation, are as follows: (a) Arab Investment Company (26.66 per cent); (b) the Government of Jordan (7.4 per cent); (c) the Pension Fund (6.66 per cent); (d) the Housing Bank (6.66 per cent); and (e) the Cairo-Amman Bank (3 per cent). The liability of shareholders in the Company is limited to their respective proportional shareholding in the capital, and each share carries the entitlement to a vote at the General Assembly.

G. **Organization**

86. The Company has a General Assembly and a Board of Directors. The General Assembly lays down the policy of the Company and deals, inter alia, with the appointment of the Board of Directors, the approval of the budget and the annual report. Auditors are also appointed for a period of one year to audit the accounts and the balance sheet for the financial year. The Auditors submit their report for approval at the regular meeting of the General Assembly.

87. The General Assembly holds regular meetings at least once a year and extraordinary meetings at the request of the Board of Directors. The quorum is acquired with the presence of shareholders representing more than 50 per cent of the paid-up capital. Resolutions are adopted by a majority of shares represented at the meeting. In the case of extraordinary meetings, the quorum is acquired with the presence of shareholders representing two thirds of paid-up capital. Resolutions in connection with amendments of statutes, amalgamation, dissolution or liquidation of the Company, as well as relocation of the head office or dismissal of the chairman, are adopted by a majority of three quarters of all shares represented in the meeting.

88. The Board of Directors is the executive organ of the Company. It prepares the annual report, the balance sheet, profit and loss accounts, and the internal rules of the Company; it also appoints the General Manager. It meets at least once every four months and its chairman is the legal representative of the Company vis-à-vis third parties. The Board is composed

of 11 members, two of them nominated by the Jordanian Government, one by the Industrial Development Bank, one by the Pension Fund and one by the Arab Investment Company. These institutions retain their membership rights as long as they continue to possess their part of the share capital. The remaining six members are appointed by the General Assembly for a period of four years from among the shareholders that do not belong to the above-mentioned institutions. The members of the Board must be in possession of at least 2,000 shares in the Company.

H. **Operations**

89. The Jordan Paper and Cardboard Factories Company Limited owns and operates two industrial plants, one for the production of various paperboard materials and another for the production of corrugated cardboard boxes. The Company experienced rapid development due, in large part, to the new high-capacity production line established for the printing and assembling of cardboard boxes. This resulted in a sharp increase in production that permitted the cardboard factory to cover the needs of the local market, together with part of the requirements of the Arab market. In order to further the development of the cardboard factory, the Company engaged a specialist in the manufacture of cardboard boxes to supervise, increase and improve production. Concerning the paper factory, the Company tried to improve production through horizontal expansion in the paper manufacturing industry.

VI. COMPAGNIE ALGERO-LIBYENNE DE TRANSPORT MARITIME (CALTRAM)

A. **Member countries**

90. Algeria and the Libyan Arab Jamahiriya.

B. **Headquarters**

91. 19 rue des Frères Bouadou, Bir Mourad Rais, Algiers, Algeria; Telephone: (02)565635-565535-565497; Telex: 62108-62112-62150; Fax: 566022; Mr. A. Zitouni, Managing Director.

C. **Background**

92. The Convention establishing the Compagnie algéro-libyenne de transport maritime (CALTRAM) was signed by the Algerian and Libyan States on 10 October 1973. The Convention was then ratified by Act. No. 105/1973 in the Libyan Arab Jamahiriya and formed the subject of Ordinance No. 74109, of 6 December 1974, in Algeria (Journal Officiel No. 6 of 21 January 1975).

D. **Legal nature**

93. CALTRAM was set up by a special agreement between Algeria and the Libyan Arab Jamahiriya and has the status of a limited liability company, with a legal personality and financial and administrative independence.

E. **Objectives**

94. Desiring to broaden economic cooperation between the two countries, the Algerian and Libyan Governments established CALTRAM to ensure cargo shipping services in the Mediterranean.

F. **Capital**

95. The capital of the Company is fixed at 50 million United States dollars, divided into 50,000 $100 shares. Each of the two States that established the Company has 50 per cent of the shares.

G. **Organization**

96. The governing organs of the Company are a General Meeting and a Board of Directors, in which the Algerian and Libyan representatives are equal in numbers. The Company is administered by an Algerian Managing Director, assisted by a Libyan Deputy Managing Director.

H. **Operations**

97. After the effective start-up of activities in 1977, CALTRAM acquired over a period of three years its present fleet of five vessels. Three of these ships fly the Algerian flag and two of them the Libyan flag. Other investments have made it possible for the Company to acquire ancillary equipment such as fork-lift trucks, port trailers, tractors and 150 standard 20-foot containers, which currently constitute a stock of more than 4,200 units.

98. The Company provides liner services, by means of two of its roll-on roll-off vessels, the main loading ports being Valencia and Barcelona in Spain, Leghorn and Naples in Italy and Marseilles in France. The main discharge ports are Algiers, Oran, Skikda and Béjaia in Algeria, and Tripoli and Benghazi in the Libyan Arab Jamahiriyah. The goods carried are mainly containerized freight and rolling stock, for which the Company's roll-on roll-off vessels are specially adapted. They also handle conventional freight.

99. The overall tonnage in 1990 amounted to 89,719 tons, consisting of 3,798 containers, 883 units of rolling stock and 27,362 tons of conventional freight. As regards results, CALTRAM had a turnover of DA 281,402,000 14/ in 1990, which was slightly down on the figures for 1989 (DA 284,889,000) and 1988 (DA 288,363,000).

VII. ARAB UNION REINSURANCE COMPANY (AUR)

A. **Member countries**

100. Egypt, Libyan Arab Jamahiriya and Syrian Arab Republic.

B. **Headquarters**

101. P.O. Box: 5178, Damascus, Syrian Arab Republic; Telephone: 243600/249611; Telex: 412019/413020 SY; Mr. Wael Ismail, Chairman; Mr. Nasser Kikhia, General Manager. Libyan Branch: P.O. Box 82766, Tripoli, Libyan Arab Jamahiriya; Telephone: 39363/42500; Telex: 20682 LY; Mr. A.A. Al-Ajeel, Branch Manager.

C. **Background**

102. The Arab Union Reinsurance Company was established by the Union of Arab Republics in accordance with a resolution of the Presidential Board, Act No. 2 of 1974, signed in Cairo on 20 February 1974. The Union of Arab Republics was established by the Benghazi Declaration in April 1971 between the Syrian Arab Republic, the Libyan Arab Jamahiriya and Egypt. The Presidential Board of the Union issued Act No. 2 of 1971 to promote the establishment of a number of joint projects that would support the economic integration of the members of the Union. Consequently, recommendations were made by the Board for Economic and Planning Affairs in December 1972 to create a company which would support and increase the capacity of the reinsurance market within the member countries of the organization. Thus, the Arab Union Reinsurance Company was established in 1974 and started business on 1 January 1976 after having been registered as a Syrian Stock Company.

D. **Legal nature**

103. The Company has legal personality and the full capacity required for the realization of its objectives. It is basically subject to the Act and the Statute issued by the Presidential Board of the Union and has the nationality of the country where it is headquartered. The Company is entitled to establish branches, offices and agencies inside or outside the member countries. Moreover, the Company and its branches, offices and agencies are exempt from all taxes and duties in the member countries for a period of five years and are not subject to the exchange control laws in force in those countries.

E. **Objectives**

104. The objective of the Company is to transact reinsurance business and all affairs related to reinsurance with a view to contributing to the development of national insurance and reinsurance operations in the Arab countries. Furthermore, the Company is a professional reinsurer operating as a business undertaking to ensure profitability in financial terms and to demonstrate professional competence.

F. **Capital**

105. The initial authorized capital of the Company amounted to LD 2 million 15/ in transferable currencies. The capital was divided into 20 shares, each having a nominal value of LD 100,000. The Board of Directors, at its 43rd session on 2 April 1988, decided to increase the paid-up capital from SP 22,170,056 to SP 30 million, 16/ representing a 35.3 per cent increase.

G. Organization

106. The Company has a General Assembly and a Board of Directors. The General Assembly is the supreme organ of the Company and is constituted by the Council for Economic and Planning Affairs. The Board of Directors is responsible for the direction of the Company and is composed of a minimum of seven members and a maximum of eleven. At present, the Board has seven members who are appointed by the Cabinet of the Union of Arab Republics. The Board appoints a General Manager who is responsible for the management of the Company under the supervision of the Board.

H. Operations

107. The activities of the Company are principally based on legal cessions (not less than 10 per cent of the volume of all their business) which have to be ceded to it by all direct insurance companies of the member countries. The types of insurance written are marine and aviation (marine cargo, marine hull, aviation), non-marine (fire, motor, engineering, accident), and life.

108. Except in the first year of operations (1976), AUR has always made a profit, particularly in 1982 when the Company's net profit amounted to SP 20 million. In 1989, the Company registered a net profit of SP 5.79 million, while the total assets of the Company totalled SP 493 million. The total gross premium income of the Company increased steadily until 1984, when it peaked at SP 269 million, and then fell back to SP 75.7 million in 1989. According to 1989 figures, non-marine insurance constituted the major part of the total gross premium income, with 72.1 per cent, while marine and aviation constituted 27.3 per cent and life accounted for only 0.6 per cent. The results of the different branches in 1989 were as follows, in order of the importance of their contribution to the total premium income:

(a) **Fire**: Premium-wise, fire came first among the branches. Its premiums, which constituted 27.3 per cent of gross premium income, amounted to SP 34.7 million. However, the branch resulted in a SP 756,971 loss.

(b) **Marine Cargo**: This branch came second in regard to its premiums, which amounted to SP 14.8 million, or 19.6 per cent of the total premium income. This branch realized a net profit of SP 1,661 million.

(c) **Motor**: The premium income of this branch amounted to SP 13.5 million, constituting 17.9 per cent of the total. It was the most profitable branch, since it realized the highest net profit of SP 2.9 million.

(d) **Engineering**: Premium-wise, this branch produced income of SP 10.9 million, which constituted 14.4 per cent of the total premium income. Its results were positive and showed a profit of SP 1,175 million.

(e) **Marine Hull**: Premiums amounted to SP 4.2 million, which constituted 5.6 per cent of gross premium income. This branch came second in regard to profits, which amounted to SP 1,763 million.

(f) **Accident**: Branch premiums reached SP 3.8 million, representing 5.1 per cent of the total, and it realized a net profit of SP 750,214.

(g) **Aviation**: Premiums amounted to SP 1.6 million which represented 2.1 per cent of total premium income, and this branch resulted in profit amounting to SP 83,958.

(h) **Life**: Life premiums amounted to SP 0.42 million and constituted only 0.6 per cent of total premium income.

109. In the same period, investments amounted to SP 154.6 million divided into real estate (SP 9.5 million), fixed deposits at banks (SP 88 million), and participation in Syrian agricultural companies (SP 5 million). The investment income amounted to SP 9.7 million and this represented 10.5 per cent of total investment.

VIII. ARAB INVESTMENT COMPANY

A. Member Countries

110. Bahrain, Egypt, Iraq, Jordan, Kuwait, Libyan Arab Jamahiriya, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Syrian Arab Republic, Tunisia, United Arab Emirates and Yemen.

B. Headquarters

111. P.O. Box: 4090, Riyadh, Saudi Arabia; Telephone: 67685/69960; Telex: 20011 ARABVST/20236 TAIC. **Cairo Branch**: P.O. Box: 139, Ghouria, Cairo, Egypt, **Khartoum Branch**: P.O. Box: 2242, Khartoum, Sudan.

C. Background

112. The Arab Investment Company was established by a special agreement signed at Riyadh in Saudi Arabia on 16 June 1974 by seven Arab countries (Bahrain, Egypt, Kuwait, Qatar, Saudi Arabia, Sudan and the United Arab Emirates). Other Arab States joined the Company in 1975 (Iraq, Jordan, Libyan Arab Jamahiriya, Morocco, Oman, Syrian Arab Republic, Tunisia) and in 1977 (Yemen).

113. The Company is a financial institution created to encourage economic development in the Arab countries on a viable basis. It is designed to act as a catalyst and investor and in particular to identify, structure, promote, finance, execute and manage projects in all fields, with special emphasis on combining capital and technology.

D. Legal nature

114. The Arab Investment Company is a joint stock company which enjoys legal personality, financial and administrative independence, and full competence required for the realization of its objectives. It has been granted all the concessions, advantages and guarantees allowed by the laws in force within the member countries which apply to national, Arab and foreign investments. Thus the Company enjoys the following facilities: (a) free transfer of

funds, profits and entitlements due to every participant in the Company; (b) guarantee against nationalization or expropriation; (c) exemption from taxes, dues and tariffs in force in Saudi Arabia for the Company's profits, dividends and reserves; and (d) exemption for the Company's projects in any member country from all taxes for a period of five years, beginning with the first year in which any such project makes profit.

E. Objectives

115. The objectives of the Company are to expand the flow of Arab funds for the development of Arab resources through economically sound investment projects in agricultural, industry, commerce, communications and services in a manner which supports and promotes Arab economic development. These objectives, by the promotion of such projects, are designed to meet the demand for various goods and services, create employment opportunities, develop technical capabilities and encourage economic ties among Arab countries. Moreover, the Company aims at developing regional financial markets and assisting Arab institutions for access to local and international markets.

F. Capital

116. The authorized capital of the Company is US$ 300 million divided into 3,000 shares with a nominal value of US$ 100,000 each. The subscribed capital amounts to US$ 290.5 million and is accounted for as follows: (a) Kuwait, Saudi Arabia and the United Arab Emirates hold 15.5 per cent each (b) 10.3 per cent belongs to Iraq; (c) 8 per cent is held by Qatar; (d) Egypt, the Libyan Arab Jamahiriya, Sudan and the Syrian Arab Republic have 6.8 per cent each; (e) Bahrain, Morocco, Oman and Tunisia each holds 1.7 per cent; and (f) Jordan and Yemen have 0.4 per cent each.

G. Organization

117. The General Assembly of the Company sets the general policy, and in particular it approves the report of the Board of Directors, the balance sheet for the fiscal year and the profit and loss accounts. It also appoints the members of the Board and determines their renumeration. The General Assembly meets at least once a year and the quorum is reached by the presence of shareholders representing two-thirds of the Company's share capital. Resolutions are taken by a majority vote of shareholders present.

118. The Board of Directors is the Company's executive organ. It is composed of 15 members selected for a term of three years by the General Assembly in a manner proportionate to the size of their participation in the capital provided. The Board meets once every three months and the quorum is acquired by the presence of two-thirds of its members; decisions are taken by a majority of votes of the members present. The Chairman of the Board is the Company's legal representative and has the right to sign on behalf of the Company, together with the General Manager.

119. Auditors are appointed by the General Assembly for a period of one year to audit the accounts of the financial year. They are required to check the Company's assets and submit their report to the General Assembly for approved.

H. Operations

120. The Arab Investment Company has equity investments in several projects in the Arab world. In most cases, these equity holdings have been supplemented by additional finance in the form of loans. The major projects in which the Company has participated are:

(a) The Kenana Sugar Company 17/ (Sudan): The project cultivates and processes sugar cane to produce 330,000 tons of white sugar annually. Part of the production is used to meet local demand, and the remainder is exported. The Arab Investment Company has contributed to the project by reviewing its activities and enabling it to raise the required balance for its financial needs by increasing its capital and converting its shareholder loan into preferred stock.

(b) The Jordan Petroleum Refinery (Jordan): This Company supplies the local Jordanian market with part of its requirements for petroleum products. It has a production capacity of 3.5 million tons per year.

(c) Cellulose du Maroc (Morocco): This Company produces pulp for paper from eucalyptus. It has a production capacity of 100,000 tons per year and most of its production is exported. The Arab Investment Company's shareholding in the capital of this company is 26 per cent amounting to US$ 5.7 million.

(d) Ciment Amiante Tunisie - CIAMIT (Tunisia): This Company operates a factory with a production capacity of 38,000 tons of asbestos cement pipes per year. The Arab Investment Company holds 33.33 per cent of the capital of this company.

(e) The Syrian Arab Company for Hotels and Tourism (Syrian Arab Republic): This Company's activity involves hotels and tourist sector financing, and the Arab Investment Company's shareholding in its capital is 20 per cent, which represents SP 40 million.

121. Concerning loan activity, the Company's policy in this field is to encourage the development of smaller and medium-sized projects and to assist in the emergence of a genuine Arab market catering for their needs. By taking a leading role in the syndication of such loans, the Company intends to attain both ends.

IX. ARAB PETROLEUM INVESTMENTS CORPORATION (APICORP)

A. Member countries

122. Algeria, Bahrain, Egypt, Iraq, Kuwait, Libyan Arab Jamahiriya, Qatar, Saudi Arabia, Syrian Arab Republic and the United Arab Emirates.

B. Headquarters

123. P.O. Box: 448, Dhahran Airport 31932, Saudi Arabia;
Telephone: (03) 864 7400; Telex: 870068 APIC SJ; Fax: (03) 894 5076;
Dr. Nurreddin Farrag, General Manager.

C. Background

124. The member countries of the Organization of Arab Petroleum Exporting Countries (OAPEC), recognizing the importance of investing their petroleum resources in economically viable, diversified production and development projects, as well as the need to provide the member States with a corporation which works for the realization of such investments in the best manner, signed in Cairo on 14 September 1974 an international agreement establishing the Arab Petroleum Investments Corporation. The Establishing Agreement came into force upon the deposit of the instruments of ratification by the member States with the general secretariat of OAPEC, and the Corporation was entitled to start its operations from 23 November 1975.

D. Legal nature

125. The Arab Petroleum Investments Corporation has legal personality and the full capacity required for the realization of its objectives. It is basically subject to the provisions of its Establishing Agreement and Statute; in the absence of a provision in the Agreement, it is governed by the general principles of law held in common in the member States in so far as they are consistent with the principles of the Agreement. With respect to the member States and third parties, it enjoys all the rights and privileges of nationality which national companies enjoy in each member State. It is independent in its administration and in the performance of its activities, and it carries out its operations inside and outside the member countries on a commercial basis with the intention of making a profit. Any dispute between the Governments of the member States concerning the application, interpretation or implementation of the Corporation's Establishing Agreement has to be referred to the Judicial Commission of OAPEC.

126. All member States exempt the Corporation from payment of duties, taxes and all public financial costs and burdens with respect to all operations relating to the Corporation's objectives, and in particular the special fees concerning subscription, incorporation, registration increase of capital, dissolution and liquidation. It is also exempt from all restrictions on currency control and transfer of funds. All the member States undertake to refrain from expropriating or nationalizing the funds and the assets of the Corporation. All the Corporation's imports of machinery, equipment or materials are exempt from restrictions, all taxes, custom duties and impositions analogous thereto in all member States. In addition, the Corporation's branches also enjoy the above-mentioned exemptions and facilities.

E. Objectives

127. The main objective of the Corporation is to participate in financing petroleum projects and industries and in fields of activity which are derived from, ancillary to, associated with, or complementary to such projects and industries, with priority being given to Arab joint ventures which benefit the member States.

128. APICORP may therefore undertake all operations required for the fulfilment of its objectives and in particular: (a) study and promote petroleum projects and participate in launching them and financing their equity; (b) extend or guarantee medium- and long-term loans to finance petroleum industries; (c) participate in trade financing for Arab petroleum, gas and petro-chemicals inside and outside Arab countries; (d) purchase and dispose of shares and equity capital of petroleum establishments and companies; (e) issue and underwrite securities of petroleum establishments and companies; and (f) issue bonds and borrow from Arab and international financial markets to finance all fields of APICORP's operations.

F. Capital

129. The authorized capital of APICORP is fixed at US$ 1.2 billion and the issued and fully paid capital amounts to US$ 400 million divided into 100,000 shares with a nominal value of US$ 4,000 each. The right to subscribe is restricted to the member States of OAPEC, and no member State can subscribe to less than 3 per cent or to more than 20 per cent. Each member State has the right to relinquish not more than 49 per cent of the total shares allocated to its nationals or to its corporations enjoying its nationality, i.e. corporations which are wholly owned by it or its nationals. The distribution between the different shareholders of the Corporation is the following: (a) Kuwait, Saudi Arabia and the United Arab Emirates each holds 17 per cent of the subscribed capital; (b) the Libyan Arab Jamahiriya holds 15 per cent; (c) Iraq and Qatar have 10 per cent each; (d) Algeria holds 5 per cent; and (e) Bahrain, Egypt and the Syrian Arab Republic own 3 per cent each. The rights and obligations attached to the shares are equal and the liabilities of shareholders are limited to the subscribed amounts.

G. Organization

130. The structure of the Corporation is divided into three organs: the General Assembly, the Board of Directors and the General Manager.

131. The General Assembly is composed of the Corporation's member States represented by their respective Governments, each member exercises its right of voting pro rata to the nominal value of its total shares. The General Assembly considers all matters of interest to the Corporation and has the following specific powers: (a) election of members of the Board of Directors and appointment of auditors; (b) approval of the Board's annual report and the auditors' report on the balance sheet and the profit-and-loss accounts; (c) amendment of the Corporation's statute; (d) determination of the maximum permissible limit for the Corporation's borrowing; and (e) increase or reduction and redistribution of the Corporation's capital.

132. The Board of Directors is composed of 10 members who represent the States holding shares in the Corporation. Membership of the Board is for a term of four years and can be renewed. The Board meets at least once every three months and decisions are taken by a majority of members attending the meeting. It is empowered to deal with the following matters; (a) approving project financing operations, loan agreements, establishment of branches or offices

and subsidiaries, shareholding in specialized companies and the budget; (b) appointing the General Manager; (c) investing the Corporation's surplus liquid funds; (d) preparing the annual report and the financial statements of the Corporation; and (e) establishing specialized companies with approval of OAPEC's Council of Ministers.

133. The General Manager is appointed by the Board for a renewable term of five years and is a national of a member State. He is the Chief Executive of the Corporation and is responsible for all activities under the supervision of the Board.

H. Operations

134. APICORP carries out its activities in studying and promoting investments in Arab joint ventures while following up the implementation of new projects and operations of ongoing ones. The events of 2 August 1990 in the Gulf region have made it necessary for adequate provisions to be made against latent risks inherent in its equity participation; the net value of such provisions amounted to US$ 59 million at the end of 1990, and the Corporation remained committed to about US$ 35 million in respect of uncalled capital of existing projects.

135. APICORP shareholding in the capital of the different companies is as follows:

(a) 32 per cent of the ID 60 million capital 18/ of the Arab Company for Detergent Chemicals (ARADET) located in Iraq and whose main objectives are the production and marketing of linear alkyl benzene and sodium tripolyphosphate;

(b) 0.6 per cent of the US$ 112 million capital of the Banque Arabe et Internationale d'Investissement (BAII Holdings) with a branch located in Bahrain engaged in commercial and merchant banking.

(c) 12.5 per cent of the BD 8 million capital of the Bahrain National Gas Company (BANAGAS) located in Bahrain and whose main objectives are extraction and marketing of LPG and condensates from associated gas;

(d) 20 per cent of the LD 12 million capital of the Arab Drilling and Workover Company (ADWOC) 19/ located in the Libyan Arab Jamahiriya and whose main objectives are oil, gas and water drilling and related operations;

(e) 20 per cent of the TD 12 million capital of Paktank Mediterranee located in Tunisia and whose main objectives are storing, transshipping and handling of petroleum and petrochemical products at La Skhirra Terminal;

(f) 30 per cent of the US$ 20 million capital in the Arab Engineered Systems and Controls Company (ARESCON) located in Bahrain and whose main objectives are engineering, design, manufacture, service and maintenance process measuring and control instrumentation;

(g) 10 per cent of the LD 4 million capital in the Arab Geophysical Exploration Services Company (AGESCO) located in the Libyan Arab Jamahiriya and whose main objective is providing seismic services;

(h) 1.7 per cent of the JD 34 million capital of the Jordan Phosphate Mining Company (JPMC) located in Jordan and whose objectives are phosphate rock mining, production and marketing of chemical fertilizer compounds;

(i) 12.9 per cent of the US$ 17 million capital of the Turkish Arab Fertilizer Company located in Turkey and whose main activity is the production of nitric acid, ammonium nitrate and diammonium phosphate;

(j) 10 per cent of the SR 600 million capital 20/ in the Saudi European Petrochemical Company located in Saudi Arabia and whose activity is the production of gasoline octane booster MTBE.

Several other projects are under study, including plants for the production of MTBE, propylene, polypropylene, high-density/linear low-density polyethylene, terephthalic acid and polyester fibre, acrylic fibre, aromatics and graphite electrodes.

136. Another aspect of APICORP's activities is to provide long- and medium-term loans, trade finance and other financial services predominantly for petroleum-related projects in the Arab region. In 1990, APICORP signed new loan agreements valued at US$ 450 million. On 31 December 1990, loan balances net of provisions totalled US$ 418.7 million (1989: US$ 419.9 million) and undrawn commitments amounted to US$ 195.7 million (1989: US$ 188.6 million).

137. Because of the investment and financial markets mood in 1990, the Corporation has slightly reduced its total assets to US$ 928 million. The composition of the assets has also changed significantly to increase liquidity and further ease the movement of capital employed. Financial assets remained widely spread as follows: (a) the Arab world (59 per cent); (b) Western Europe (23.8 per cent); (c) the United States and Canada (15.5 per cent); (d) Japan and the Far East (1 per cent); and (e) Asia and others (0.7 per cent).

138. Net operating income for 1990 amounted to US$ 40.0 million, before the setting aside of US$ 18.6 million (1989: US$ 18 million) as provision for risk assets. Additionally, to cover any losses that may emanate from the events of 2 August 1990, an exceptional provision for risk assets of US$ 85 million was set aside in 1990 to supplement existing provisions for loans and equity participation.

139. Ever since its inception, APICORP has maintained a healthy capital base that has grown continuously in step with its expanding business volume. A salient feature of this successive build-up of capital has been the increased and regular transfers to reserves out of annual net income. In 1990, reserves and retained earnings amounted to US$ 145 million, representing 36.2 per cent of share capital and shareholders' funds totalled US$ 545 million, supporting assets to the extent of 58.7 per cent, making APICORP one of the lowest geared investment companies in the Arab world.

X. SOCIETE ARABE DES INDUSTRIES METALLURGIQUES (SAMIA)

A. Member countries

140. Kuwait and Mauritania.

B. Headquarters

141. B.P. 6247, Nouakchott, Mauritania; Telephone: 52925-52641; Fax: 54455; Mr. Mohamed Yehdih Ould El Hassen, Managing Director.

C. Background

142. The Société arabe des industries métallurgiques was established in December 1974 by a special agreement concluded between Kuwait and Mauritania for the production and marketing of plaster, gypsum and glue.

D. Legal nature

143. SAMIA is a joint enterprise which was set up in the form of a mixed economy company and is governed by its statutes and the constituent agreement and, on a subsidiary basis, by the legislative provisions in force in Mauritania. The Company has a full legal personality.

E. Objectives

144. The main objective of the Company is the setting up in Mauritania of a plaster and glue factory, a prefabricated components production unit and a foundry; in parallel, it intends to develop markets for its products at home and abroad. The aim of the Company is to combine Kuwaiti capital with the resources and labour force available in Mauritania.

F. Capital

145. The Company's capital is fixed at 20 million United States dollars distributed between the two shareholders as follows: 50 per cent of the shares are held by the State of Mauritania and the other 50 per cent of the State of Kuwait.

G. Organization

146. The supreme organ of the Company is the General Meeting of shareholders, while the Company is administered by the Board of Directors. The Managing Director is responsible for the general business management and is the Company's highest official and legal representative.

147. The Company's structure consists, apart from the General Management, of three distinct departments; (a) the administrative and financial department; (b) the operation and works department; and (c) the distribution, publicity and sales department.

H. Operations

148. SAMIA specializes in the production of plaster and of plaster building components. It has an annual production capacity of about 100,000 tons of plaster. It markets the plaster in various forms: plaster of Paris, manufacturing plaster and parpens and breeze-blocks of plaster mortar. In addition, gypsum and glue must be added to the range of products the Company markets. Sales are made on the Mauritanian market and abroad, where the Company is represented in the cities of Lagos, Nigeria, and Abidjan, Côte d'Ivoire.

XI. BANQUE MAURITANIENNE POUR LE COMMERCE INTERNATIONAL (BMCI) 21/

A. Member countries

149. Kuwait and Mauritania (Egypt until 1984).

B. Headquarters

150. B.P. 622, Nouakchott, Mauritania; Telephone: 52469/528266; Telex: 543 A MTN and 543 MTN; Mr. Sidi Mohamed Abass, Managing Director.

C. Background

151. The Bank was established in 1974, under the title "Banque arabe-africaine mauritanienne" (BAAM), with shareholdings by the Mauritanian Central Bank and the Arab African International Bank, a bank with Egyptian and Kuwaiti majority shareholdings. In 1984, the Extraordinary General Meeting decided to increase the capital and to open it to the Mauritanian private sector by ceding some of the shares held by the Mauritanian Central Bank. In 1986, the Arab African International Bank sold its shares in the Bank to private Mauritanian shareholders. This important change was the first example in Mauritania of a transfer to the private sector of a semi-public industrial or commercial institution.

D. Legal nature

152. BMCI is a limited liability company under Mauritanian law. It is governed by the limited Liability Companies Act in force in Mauritania, by Ordinance No. 88050/CMSN of 1984 organizing the banking profession and allied activities, and by its statute. Any dispute that may arise between the shareholders and the Company or among the shareholders themselves are settled in accordance with Mauritanian law and subject to the competent courts in Nouakchott.

E. Objectives

153. The objective of the Company is to carry out banking operations, whether for its own account, for the account of third parties or in partnership, in Mauritania and abroad. This means all financial, commercial or property operations that are of interest to the Bank or connected with banking.

F. Capital

154. The initial capital of the Bank amounted to 150 million ougiyas 22/ and was divided as follows: 51 per cent for the Central Bank of Mauritania and 49 per cent for the Arab African International Bank. In 1984, the Bank's capital was increased to 500 million ougiyas, distributed as follows: 50 per cent for the Mauritanian Central Bank and 50 per cent for the Arab African International Bank. In 1986, the latter sold its holding to private shareholders. On 31 December 1987, the Bank's capital was 500 million ougiyas, divided into 50,000 nominative shares of 10,000 ougiyas each. The Central Bank of Mauritania held 10 per cent of the shares, while 90 per cent was held by private Mauritanian and Kuwaiti shareholders.

G. Organization

155. The Board of Directors has six members. It sets the guidelines for the Bank's general policy. The Executive Committee has four members. It is responsible for executing and supervising the decisions of the Board of Directors. The Managing Director administers the institution by virtue of the powers conferred upon him by the Board.

H. Operations

156. The Bank is mainly engaged in carrying out banking operations, both nationally and internationally, and in providing services. The services include: current accounts, term deposits, deposit accounts with notice of withdrawal, savings accounts, loans and advances, discounting and collecting negotiable instruments, issue of letters of warranty, exchange operations, issue of documentary letters of credit and executing payment orders abroad, within the framework of the exchange regulations. In the course of its activities, the Bank pays particular attention to operations conducive to the development of foreign trade and the fisheries sector.

157. The Bank's assets increased from 8,035 billion ougiyas in 1986 to 8,408 billion in 1987. During the same period, the volume of short-term credit fell from 3,504 billion to 3,445 billion, or 1.62 per cent less than in 1986; documentary credit increased by 41 per cent, from 765 million to 1,080 billion, in the same period. Net fixed assets increased by 136 per cent, from 46,403 billion in 1986 to 109,885 billion in 1987. Surety and endorsement commitments rose from 1,593 million in 1986 to 1,923 million in 1987, an increase of 20.7 per cent.

158. The reductions in charges in recent years have had a positive effect; charges were reduced by more than 50 per cent in 1986 and by more than 20 per cent in 1987. The decision not to distribute dividends for the next few years, but to allocate profits to the reserves or to provisions for frozen or doubtful debts, was taken as part of a policy to promote the Bank's recovery. The Bank's profits for 1987 were 87 million ougiyas and were distributed as follows: 81 million to cover the deficits of previous financial years and 6 million allocated to the reserves.

XII. ARAB MINING COMPANY (ARMICO)

A. Member countries

159. Egypt, Iraq, Jordan, Kuwait, Libyan Arab Jamahiriya, Mauritania, Morocco, Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, Tunisia, United Arab Emirates and Yemen.

B. Headquarters

160. P.O. Box: 20198, Amman, Jordan; Telephone: 663146/8/9; Telex: 21489-21169 ARMICO JO; Fax: 6-684114; Mr. Talal Al-Saadi, Acting General Director.

C. Background

161. The Council for Arab Economic Unity adopted Resolution No. 661 at its ordinary twenty-third session held on 10 June 1974 to establish the Arab Mining Company. The Resolution is in accordance with the objectives of the Council for Arab Economic Unity which accentuate the need and importance of joint ventures for the achievement of economic integration among member States and the contribution that such enterprises can make to furthering the development process in those States. The Secretary-General of the Council invited the member countries to sign the Memorandum of Association on 1 February 1975, and to convene the Company's Constituent General Meeting. The Company started its activities in June 1976. The Governments of Morocco, Tunisia and Mauritania decided to become participant shareholders in the Company in 1977, 1978 and 1981 respectively.

D. Legal nature

162. The Company is fundamentally subject to the provisions of its Memorandum and Articles of Association, and enjoys the legal personality necessary for the realization of its objectives. It conducts its activities on a commercial basis similar to that of companies established under the law of private companies; priority in conducting operations is given by the Company to investment in Arab countries in fields compatible with the objectives of the Company. It can subscribe to the capital of any company existing in any of the participant States or outside those States if and when the objectives of such a company are similar to, identical with of complementary to the Company's own.

163. The countries which agreed to accommodate the head office, branches, agencies or subsidiaries undertake to exempt from all taxes, fees and levies the gross and distributable profits and reserves of the Company; to exempt from customs duties all imports of equipment, plant or materials required for its operations, as well as all exports of its products. In addition, they do not impose any monetary controls on its foreign currency transactions and on the revenues accruing from its operations. All the employees of the Company are exempted from entry, residence and work permits.

E. Objectives

164. Realizing the importance of utilizing the mineral resources in economically diversified investments in productive and developmental projects, the founders assigned to the Arab Mining Company the task of undertaking all technical, industrial and commercial operations relating to mining activities and matters complementary thereto, especially exploration, extraction, concentration, processing, transportation, marketing and manufacturing of minerals and mineral products.

F. Capital

165. The authorized capital of the Company is KD 120 million 23/ convertible into any exchangeable currencies and is divided into 12,000 nominal and indivisible shares, each having a value of KD 10,000. The subscribed capital is distributed between the shareholders as follows, according to their respective shareholding percentages: (a) Iraq, the Kuwaiti Foreign Trading and Contracting Investment Company of the State of Kuwait, Saudi Arabia and the United Arab Emirates (17.99 per cent each); (b) Egypt and the Libyan Arab Foreign Investment Company of the Libyan Arab Jamahiriya (8.99 per cent each); (c) the Syrian Arab Republic (4.54 per cent); (d) Yemen (1.80 per cent); (e) Arab Investment Company, Jordan, Morocco, Sudan and Somalia (0.89 per cent each) and (f) Mauritania and Tunisia (0.08 per cent each).

G. Organization

166. The General Assembly lays down the policy of the Company and deals, inter alia, with the appointment of the Board of Directors, amendment of the Statutes, the increase or reduction of capital and dissolution of the Company. It also examines and approves the budget and the annual report. It meets at least once a year and is composed of all shareholders, each one holding at least 10 shares. The quorum required is the presence of shareholders representing more than 50 per cent of the Company's paid-up capital. Resolutions are adopted by a majority vote of shareholders attending.

167. The Company is managed by the Board of Directors, composed of 12 members at the most who are selected by the General Assembly in a manner proportionate to the size of their participation in the capital, provided that each director represents at lease 1 000 shares. The Board prepares the balance sheet, profit-and-loss accounts, and the annual report of activities. It also lays down the Internal Rules and Personnel Regulations. The Board meets at least once every three months. The quorum is acquired with the presence of an absolute majority of members who own or represent among them no less than 50 per cent of the paid-up capital. Decisions are taken by absolute majority of the votes of the attending members.

H. Operations

168. The bulk of ARMICO's activity consists of investments in productive projects in connection with mining and chemical sectors. Pan-Arab projects in which the Company currently participates are the 13 following: (a) the Arab

Potash Company Limited (APC), the Arab Engineering Industries Company Limited, the Arab Minerals and Metals Trading Company (METRA) and the Jordan Phosphate Mines Company Limited, which are incorporated in Jordan; (b) Industries Chimiques du Fluor (ICF), Société Minière de spath fluor et de barytine (FLUOBAR) and Société de Fonderies et de Mécaniques (SOFOMECA), located in Tunisia; (c) Société Arabe des Mines de l'Inchiri (SAMIN), Société Arabe de Fer et de l'Acier (SAFA) and Société nationale Industrielle et minière (SNIM), located in Mauritania; (d) Société Minière de Sidi Lahcen (SOMIL) in Morocco; (e) National Company for Industrial and Construction Materials (YEMROC) in Yemen; and (f) the Arab Company for Detergents Chemicals (ARADET) in Iraq.

XIII. KENANA SUGAR COMPANY LIMITED (KSC)

A. Members

169. Kuwait, Saudi Arabia and Sudan. The Arab Authority for Agricultural Investment and Development, the Arab Investment Company, the Gulf Fisheries Company, Lonrho PLC (United Kingdom) and Nissho Iwai (Japan) are also participants.

B. Headquarters

170. P.O. Box: 2632, Khartoum, Sudan; Telephone: 44297-45539-42304-44577; Telex: 24033 KENAN SD; Fax: 45539 Dr. Abdel Wahab Osman, Chairman; Mr. Sayed Osman Abdalla El Nagir, Managing Director.

C. Background

171. Historically Sudan has imported the bulk of its sugar requirements, with a consequent drain (second only to the importation of petroleum products) on its limited foreign currency resources. The proposal for the Kenana Sugar project, predicated on combining the natural resources of Sudan, surplus Arab oil revenues and Western technology, was initiated in 1971 and by mid-1972 a feasibility study had been commissioned for the establishment of a 300,000 metric tons per annum sugar complex. The feasibility study was performed by Lonrho PLC, which on 9 June 1972 signed the Sugar Agreement with the Government of Sudan. In February 1975 the Founders' Agreement was signed between the Government of Sudan, the Arab Investment Company, Lonrho PLC, the Sudan Development Corporation, the Gulf Fisheries Company and Nissho Iwai Corporation Limited, for the implementation of the Kenana Sugar Project on a 63,000 hectare site on the White Nile, about 250 km south of Khartoum. In March 1975, Kenana Sugar Company Limited was incorporated and two agreements were concluded between the Company and the Government of Sudan: the Sugar Sales Agreement in June and the Land Lease in July. The Governments of Kuwait and Saudi Arabia joined the Company in May 1976 and November 1978 respectively; the Arab Authority for Agricultural Investment and Development and some Sudanese commercial banks did the same in February 1981.

172. The Kenana site encompasses a major gravel outcrop which provides a firm foundation for the factory complex, as well as a ready source of aggregate for the estate road network and other construction activities. The balance of the estate area consists mainly of fertile clay soil suitable to the cultivation

of sugar cane, which is currently established over about 35,300 hectares. The lack of infrastructure in the area, which was reflected in the capital cost of the project, resulted in a protracted development period before Phase I of the factory was commissioned in March 1980, with Phase II coming on-stream 11 months later. The estate, which is now linked by road, rail and air with the respective national networks, encompasses a main township complete with mosque, primary and secondary schools and a modern well-appointed 70-bed hospital, a number of satellite villages with primary health care facilities and a vocational training centre fitted out to a high standard with modern equipment and teaching aids.

D. Legal nature

173. KSC was incorporated as a private company limited by shares under the Sudanese Companies Ordinance. It is governed by its Memorandum and Articles of Association, the Sugar Sales Agreement, the Lease Agreement and the Sudanese Companies Act of 1925. The Government of Sudan granted the Company the following privileges: (a) all necessary licences and permits; (b) exemption from taxes on importation of all machinery, equipment, spare parts, new varieties of seed cane, commodities or materials necessary for the establishment, maintenance and expansion of the Company's estates; (c) all benefits contained in the Organization and Promotion of Investments Act of 1967; (d) total exemption under the Income Tax Act of 1971 from all taxes for the Company's subcontractors, foreign lenders, expatriate employees, and foreign suppliers of goods and services; and (e) the maximum advantages and concessions available to the company under the Development and Encouragement of Industrial Investment Act of 1974 or any other similar legislation which can be granted to the Company. In addition, under the Income Tax Exemption Order of 1975, the Company was exempt from all business profit taxes for a period of 10 years from the commencement of commercial production of refined sugar in 1981/82 and the Ministry of Finance and Economic Planning decided in 1988 to extend this exemption for a further 10-year period.

E. Objectives

174. The main objects for which the Company was established are the following: (a) to carry out the business of planters, growers and producers of sugar cane, beet and other crops suitable for or used in connection with the production and manufacture of sugar and all its by-products; (b) to carry out the business of millers, refiners and processors of sugar can and other pertinent agricultural produce; and (c) to carry out the business of sellers, exporters, sale agents, wholesalers, distributors, processors and packers of sugar and sugar products and by-products.

F. Capital

175. The initial authorized capital of the Company was LS 10 million 24/ divided into 10 million ordinary shares of one Sudanese pound each. It was successively increased to LS 20 million on 21 August 1975, to LS 40 million on 7 April 1976, to LS 64 million on 1 July 1977, to LS 80 million on 13 July 1978, and to LS 330 million on 10 May 1980. In September 1980, capital restructuring involved, inter alia, the creation of preferred shares and in February 1981 the creation of special preferred shares.

176. The capital currently amounts to LS 590 million, of which LS 560,545 million are issued and fully paid; it is distributed among the shareholders as follows: (a) the Government of Sudan holds 35.17 per cent; (b) the Kuwait Investment Authority has 30.50 per cent; (c) Saudi Arabia holds 10.92 per cent; (d) the Arab Investment Company holds 6.96 per cent; (e) 5.66 per cent are held by the Sudan Development Corporation and 5.56 per cent by the Arab Authority for Agricultural Investment and Development; (f) local banks have 4.45 per cent and Lonrho PLC 0.46 per cent; and (g) Nissho Iwai Corporation and Gulf Fisheries Company each hold 0.16 per cent.

G. Organization

177. The supreme organ of the Company is the General Assembly, which represents all the shareholders and is responsible for the review and approval of accounts, balance sheets, reports of the Directors and auditors, the declaration of dividends, and the election of Directors and appointment of auditors.

178. The business of the Company is managed by a Board of Directors composed of 13 members, among whom 4 Directors, including the Chairman, represent the Government of Sudan; 4 others, including the Deputy Chairman, represent the Kuwait Real Estate Investment Consortium; and the remaining 5 represent respectively the Government of Saudi Arabia, the Arab Investment Company, the Sudan Development Corporation, the Arab Authority for Agricultural Investment and Development, and the consortium of Sudanese banks. The Board's decisions are taken by a majority of votes and the quorum necessary for the transaction of the business of the Directors is not less than 60 per cent of members.

H. Operations

179. Kenana Sugar Company has at its disposal an integrated cane sugar estate with a factory rated at 17,000 metric tons of cane per day and a production capacity in excess of 300,000 metric tons of white sugar per annum. The estate area covers 63,000 hectares, of which 35,300 hectares are used for plantation. Irrigation works include the installation of four pump stations, with a capacity of 44 cubic metres a second and a total lift of between 40 and 43 metres, which carry the waters of the White Nile along 29 km of main canal to the plantation area, onto which they are fed by gravity along some 300 km of secondary canals following the contours of the estate. In addition, the estate is served by 250 km of major roads supplemented by a 1,500 km network of in-field roads. The Company's workforce currently consists of 7,500 permanent employees, with a further 9,000 seasonal workers engaged for the duration of the crop.

180. The initial concept of the Company's activity is based on two main strategies: import substitution and foreign currency generation. Under the terms of the Sugar Sales Agreement, 150,000 metric tons of sugar annually are to be purchased by the Government of Sudan in accordance with a pricing formula which takes account of specific indexed cost inputs. Since 1988 the Sudanese Government has agreed to pay the full price, whereas "domestic quota" sugar had previously been purchased at a price tailored to economic realities rather than in accordance with the strict application of the said formula. The balance of production, including molasses, is destined for export.

181. KSC has produced profits since 1984 and recorded a LS 225.7 million net profit in 1988; in the same year its total assets amounted to more than LS 1 billion. Turnover has steadily increased since the beginning of operations, to reach about LS 516 million in 1988, with domestic quota sales up by LS 122.4 million compared to the year before as a result of the full "formula price" paid by the Government. Dollar-denominated, export-quota sugar sales amounted to LS 195.7 million, benefiting from the impact of the October 1987 devaluation of the Sudanese pound (from LS 2.50 to LS 4.50 per US$ 1.00). However, this devaluation inflated the cost of all non-Sudanese procurement of goods and services in local currency terms and thus significantly affected total production costs.

182. In terms of vertical integration, Sufeiya Iron Works, a facility for the manufacture of spare and replacement parts and the reshelling of KSC's 22-metric ton mill rolls, has been created on the site. This in-house capability minimizes the foreign currency costs and risks inherent in shipping such major units to Europe for reshell and return. The service is also being made available to the public sector factories in Sudan, subject to satisfactory payment arrangements. In addition, KSC is actively considering participation in a consortium for the manufacture of polypropylene sacks for the sugar and other food industries. Another project is the eventual construction at the Kenana site of an ethanol plant capable of processing KSC's 100,000 metric ton annual molasses output into industrial alcohol for use principally as motor fuel additive.

XIV. JORDAN FERTILIZER INDUSTRY COMPANY LIMITED

A. Members

183. Jordan, Arab Mining Company, Arab Petroleum Investment Company, Islamic Development Bank, Industrial Development Bank, Arab Bank Limited and International Finance Corporation.

B. Headquarters

184. P.O. Box: 5142, Amman, Jordan; Telephone: 42281/42282; Telex: 1549; Dr. M.A. Mardi, General Manager.

C. Background

185. Phosphate rock is Jordan's major source of export earnings, accounting for about 40 per cent of the country's total commodity exports. During 1975 three major companies, namely the Jordan Phosphate Mines, the Agrico-Jordan Company and the International Finance Corporation, together with the Jordanian Government, decided on the establishment of a company which could study and develop a phosphate fertilizer plant. The Jordan Fertilizer Industry Company Limited was therefore created, and after consideration of several feasibility studies, it was decided to locate the project in the Aqaba Gulf. The project was to try to maximize the benefits from Jordan's phosphate rock deposits by transforming and marketing them as fertilizers instead of exporting them as

raw materials. The project started its operations in 1978 after an Agreement was signed with a French company for general construction and supervision of the start-up.

D. Legal nature

186. The Jordan Fertilizer Industry Company Limited was established as a public joint stock company on 27 March 1975 and was registered under Number 92 by the Controller of Companies at the Jordan Ministry of Trade and Industry. The Company is basically subject to the provisions of the Deed of Incorporation and its Statutes, as well as to the Jordanian Companies Act. The Company can establish or participate in the establishment of another company if its objectives are similar or complementary to those of the Company.

187. The Company benefits from the following guarantees and privileges: (a) guarantee against expropriation, confiscation and nationalization; (b) exemptions from all taxes, dues and levies to be imposed on its gross profits, dividends and reserves; (c) exemption from all taxes and customs duties to be imposed on foreign consultants and contractors working for the Company; (d) free movement of capital, earnings and indemnities or other payments received by foreign shareholders and consultants. In addition, the Company and its foreign shareholders can also benefit from any other privileges granted by the Jordanian Act of Encouragement of Investment.

E. Objectives

188. The main objectives of the Company are the following: (a) the establishment of factories for the production of different types of chemical fertilizers and in particular phosphate fertilizers; (b) the manufacture, processing, production, development, refining, storage, purchase and sale of chemical fertilizers or their by-products; (c) the marketing of its products both inside and outside Jordan.

F. Capital

189. When the Company was established, the initial authorized capital was JD 20 million. On 30 April 1981, the General Assembly, at its extraordinary meeting, decided to increase the capital to JD 55 million divided into 5.5 million shares of a nominal value of 10 Jordanian dinars each. The subscribed capital is JD 40 million from the main shareholders distributed as follows: (a) the Government of Jordan (26 per cent); (b) Phosphate Mines Company (25 per cent); (c) Arab Mining Company (10 per cent); (d) Arab Petroleum Investment Company (10 per cent); (e) the United States through the International Finance Corporation (5 per cent); (f) the Islamic Development Bank (4 per cent); (g) Jordanian financial institutions (16 per cent); and (h) Arab banks (1 per cent). The liability of the shareholders is limited to their proportional shareholding in the Company.

G. Organization

190. The Company has a General Assembly and a Board of Directors. Auditors are appointed by the General Assembly and are required to check the accounts of the Company and submit their report at the ordinary meeting for approval.

191. The General Assembly lays down the policy of the Company and deals, inter alia, with the appointment of the Board of Directors, amendment of the Deed of Incorporation or of the Statutes, amalgamation or affiliation of the Company with another company or body, dissolution or liquidation, increase or decrease or any other change in the Company's capital, approval of the budget and annual report. Decisions are taken at ordinary meetings by a majority of the shares represented at the meeting, while at extraordinary meetings, a two-thirds majority is required.

192. The Board of Directors is responsible for the management of the Company's affairs. It is composed of nine members, among which three are nominated by the Government of Jordan, two by the Jordan Phosphate Mines Company, one by the Arab Mining Company, and one by the Arab Petroleum Investment Company, while the remaining two members are elected by the General Assembly provided that the candidate for membership is in possession of at least 100 shares in the Company. The Board meets at least six times a year. The presence of at least two-thirds of the members is required for a quorum and decisions are taken by a majority of members present.

H. Operations

193. The implementation of the project started in 1978 with an agreement signed in May of that year with the French company Spie-Batignolles which acted as general contractor responsible for the engineering design work, procurement and supervision of the start-up. Another agreement was signed in mid-1978 with the Japanese company Mitsui Toatsu Chemicals for technical and managerial assistance during the design, construction and installation stages. The Mitsui Toatsu Chemicals Company continued to provide technical assistance, including training of personnel and supervision during the first three years of commercial operation. A third agreement was signed in August 1979 with the French company Heurty for the engineering work related to two units of sulphuric acid and phosphoric acid. The two main infrastructure phase works, the marine terminal and the water pipeline, were undertaken by the Jordanian Government.

194. With Jordan's phosphate rock deposits, the Company has the flexibility to process both export grade rock and a blend of medium and lower grade rock, the latter of which cannot be exported. Using export grade rock, the Company's plant has a production capacity of 740,000 metric tons per year of diamonium phosphate (DAP) and 105,000 metric tons per year of 54 per cent phosphoric acid. The main units of the plant comprise: (a) two sulphuric acid units in parallel, each rated at 1,800 metric tons per day of sulphuric acid from solid sulphur, using the Heurty double absorption process; (b) one phosphoric acid unit which produces from phosphate rock and using the Rhône-Poulenc process at least 1,250 metric tons per day of phosphoric acid, which is then concentrated to 54 per cent and consumed for the manufacture of DAP; (c) one granulation

unit consisting of an ammoniation and granulation section producing DAP from ammonia and phosphoric acid, and two production trains operating in parallel and each having a capacity of 50 metric tons per hour of granulated DAP;
(d) one electric power station of 44 megawatts capacity to supply the complex with power and utilizing the high-pressure steam generated in the sulphuric acid plant as a result of the exothermic reaction.

195. The Jordan Fertilizer Industry Company constitutes an important part of the strategy being developed by the Jordanian Government to increase exports and diversify the products derived from the phosphate resources of the country. The production of the Company is principally destined for foreign markets such as Japan and the United States, whereas its imports of liquid ammonia and unprocessed sulphur come from Arab countries and especially Kuwait, Qatar and Saudi Arabia.

XV. ARAB COMPANY FOR LIVESTOCK DEVELOPMENT (ACOLID)

A. Members

196. Egypt, Iraq, Jordan, Kuwait, Qatar, Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, United Arab Emirates and Yemen. The Arab Investment Company is also a participant.

B. Headquarters

197. P.O. Box: 5305, Damascus, Syrian Arab Republic. Regional Office: P.O. Box 18389, Riyadh 11415, Saudi Arabia; Telephone: 01-4625445; Fax: 01-4651497.

C. Background

198. The Council of Arab Economic Unity adopted Resolution No. 661 at its twenty-third ordinary session held on 10 June 1974, creating the Arab Company for Livestock Development. The Secretary-General of the Council invited the member countries to sign the Memorandum and the Articles of Association on 4 April 1975. The constituent general meeting was held on 5 August 1975 and operations began in 1977.

D. Legal nature

199. The Arab Company for Livestock Development was established by a Memorandum and Articles of Association signed on 4 April 1975. The Company enjoys legal personality and the necessary capacity for the realization of its objectives, and it conducts its activities on a commercial basis. The Company has been set up for a duration of 50 years, which can be renewed. It can establish or participate in the establishment of legally recognized autonomous companies in the member countries or outside them in agreement between the Company and the Government concerned. The Company can also subscribe to the capital of any company existing in any of the participant States or outside them, if and when the objectives are similar, identical or complementary.

200. The Syrian Arab Republic, the State in which the headquarters are located, has exempted the Company's gross profits, dividends and reserves from all taxes, dues and levies for as long as the Company remains in business and until such time as it is liquidated. All tools, equipment and material imported by the Company or by its agencies, branches and subsidiary companies in order to meet their operational requirements are exempted from customs duties and associated charges. Exemptions are also extended to all restrictions on the export of their products and the import of their requirements, as well as to monetary restrictions in connection with their foreign currency holdings and earnings received as a result of their operations.

E. Objectives

201. In agreement with the Governments and other institutions concerned, the Company undertakes all agricultural, industrial, commercial and technical operations connected with the production, processing, transport and marketing of animal products and fodder, as well as materials, machinery, tools and equipment necessary for its activities. The Company also carries out the preparation of the technical and economic studies and services for its own projects and for other parties.

202. Its specific objectives in the field of production are the following: (a) projects relating to the breeding, improvement and fattening of animals for production of meat; (b) projects for dairy production and breeding of dairy cattle; (c) poultry projects for the production of eggs and meat; (d) aquaculture and fishing in coastal waters and the high seas; and (e) production of green fodders for animals, grains and exploitation of pastures.

203. In the field of processing, the Company has to undertake processing of meat, dairy and fishery products, and green and concentrated feeds of all kinds.

204. In the field of marketing, the purposes of the Company are the following: (a) import of materials connected with the Company's operations; (b) marketing of animal products and commodities inside the Arab countries, and export of surpluses; (c) provision of transport, storage and supporting services; and (d) acquisition, registration and application of trademarks for the Company's products.

F. Capital

205. The authorized capital of the Company is KD 60 million divided into 6,000 shares having a nominal value of KD 10,000 each. The shareholders of ACOLID are Arab Governments or organizations, companies or bodies proposed by these Governments provided that such organizations or firms are fully owned by Governments or their citizens or by other Arab citizens. The shares are distributed between the shareholders as follows: (a) Iraq, Kuwait, Saudi Arabia and the United Arab Emirates each holds 16.67 per cent of the capital of the Company; (b) 10 per cent is owned by Qatar; (c) Egypt and the

Syrian Arab Republic have 8.33 per cent each; (d) Sudan and the Arab Investment Company hold 1.67 per cent each; and (e) Somalia and Yemen is each in possession of 0.83 per cent. The part of the capital that has not been subscribed represents 0.83 per cent of this capital.

G. Organization

206. The Company's organs are the General Assembly and the Board of Directors. The General Assembly lays down the policy of the Company and deals, inter alia, with the appointment of the Board of Directors, amendments to the statutes, the increase or reduction of capital, and dissolution of the Company. The General Assembly also examines and approves the budget and the annual report.

207. The Board of Directors prepares the annual report and lays down the Internal Rules for the Company and personnel regulations. It appoints the Director General and the managers in the different sectors of the Company's activities. The Board is composed of no more than 12 or less than 10 members which are selected by the General Assembly in a manner proportionate to the size of their participation in the capital, provided that each director represents at least 500 shares.

H. Operations

208. The Arab Company for Livestock Development aims mainly at utilizing animal resources so as to contribute to the economic growth and welfare of the Arab world. In the study, implementation and follow-up of its projects, the Company has used the services of experts from Arab universities and governmental departments. The Company has also participated in all conferences held and in efforts made in connection with the achievement of Arab food security.

209. The Company has carried out or participated in several projects, among which the most important ones are:

(a) The Sheep breeding and fattening project at Qamishli, Syrian Arab Republic, which was the Company's first investment. This is an integrated project for agriculture and stock breeding. Since 1975, various areas of land have been leased from the Syrian Government and the private sector for periods of up to 25 years with a view to the introduction of stock breeding into the existing agricultural system through the utilization of land that used to be left fallow. On this land, wells have been drilled to increase the irrigated area. The total area of the project is 2,800 hectares. Crops cultivated include wheat, barley, vetch, alfalfa and corn. The flock of sheep consists of more than 5,000 head.

(b) The Green fodder production project at Al-Gasseem, Saudi Arabia. The cultivated area of the project is 1,200 hectares. The irrigation system depends upon water pumped from deep wells through centre pivot sprinklers. The main crop is alfalfa, which is produced as rectangular bales of hay for marketing. Other activities planned for integration with alfalfa include the

production of bee honey and a semi-intensive tilapia fish farm with a capacity of 50 tons per annum. The total project investment costs amount to SR 65 million.

(c) The Feed-mill project at Khartoum, Sudan. This was established with the aim of producing poultry and livestock feeds utilizing the abundantly available feed ingredients such as sorghum and the by-products of Sudan's agro-industries such as cotton-seed meal, sesame meal, groundnut meal, wheat bran and molasses. The annual capacity of the project is 150,000 tonnes. The feed-mill produces different kinds of poultry feeds as well as feeds for dairy cattle, sheep and goats.

(d) The Project for breeding broiler chicken at Al-Azrak, Jordan. The project has strategic importance in the area and is expected to contribute to the stability of the poultry industry. The project was established in an extensive area of 1,600 hectares to provide sufficient isolation between the poultry houses on one hand and between these houses and the auxiliary facilities on the other hand. The project aims at producing one-day-old breeding chicks, as well as broiler chicks. Some of the breeding chicks are used in ACOLID's projects while the remainder are exported to other Arab countries. The broiler chicks are marketed in Jordan.

(e) ACOLID Poultry project at Jabal Awlia, Sudan. The project is established on an area of 853 hectares, 35 km south of Khartoum. It commenced production during the last quarter of 1986. The project aims to produce 2 million broilers and 15 million table eggs annually. The project is integrated, as it contains parent units and a complete slaughter house. The possibility of extending the capacity of the project to 4 million broilers in a second stage and to 6 million broilers in a third stage has been taken into account in the planning of the auxiliary facilities, such as the slaughter house, hatchery, power station and high-tension network.

210. Since 1979, ACOLID has also established some Arab joint ventures, among which the principal ones are:

(a) The Arab Company for Animal Production in Ras Al Khaima, United Arab Emirates, which was founded in 1979 with a declared capital of UAE dirhams 32.6 million 25/ shared between ACOLID (60 per cent) and the Government of the Emirate of Ras Al Khaimah (40 per cent). The total number of cows is 480, producing 2,225 tonnes of milk and other dairy products per annum.

(b) The Arab Saudi Company for Poultry Production, located in Saudi Arabia. The declared capital of this Company amounts to SR 140 million and ACOLID holds 80 per cent. Other shareholders are the General Organization for Social Insurance (10 per cent) and the Retirement Pension Department (10 per cent).

(c) The Arab Company for Poultry Production, located in Al Fujairah (United Arab Emirates). The Company was founded in 1981 with a

capital of UAE dirhams 95.85 million, shared between ACOLID (76.53 per cent) and the Emirate of Al Fujairah (23.47 per cent). The Company produces 3.6 million broilers and 11.8 million table eggs annually.

(d) The Arab Iraqi Company for Livestock Development, located in Baghdad, Iraq. This Company was established in 1983 with a capital of ID 8.6 million shared between ACOLID and the Government of Iraq. Its activities include a sheep and agricultural project in Northern Iraq and a dairy project near Baghdad.

(e) The Arab Qatari Company for Poultry Production located in Umm Qarn, Qatar. This Company was founded in 1984 with a declared capital of QR 113 million 26/ shared between ACOLID (60 per cent) and the State of Qatar (40 per cent). It produces more than 2.7 million broilers and 51.3 millions table eggs annually.

(f) The Arab Qatari Company for Dairy Production, located in Doha, Qatar. This Company was founded in 1985 with a declared capital of QR 74.1 million shared between ACOLID (41.89 per cent) and the Gulf Organization for Investment (16.22 per cent). Its objectives include the production of 5,040 tons of pasteurized milk and other dairy products and 186 tons of meat per year. Its activities also include a sheep and agricultural farm consisting of 6,000 head and a cultivated area of 100 hectares.

(g) The Maareb Poultry Company, located in Yemen. ACOLID holds 12.3 per cent of the Company's capital, which amounts to YR 135 million. 27/ The other shareholders are Yemeni Arab institutions (42.2 per cent), the Arab Investment Company (11.68 per cent), the Islamic Bank (15.83 per cent) and others (15 per cent). The objective of the Company is the production of chickens, eggs, fodder and fertilizers.

XVI. GULF INTERNATIONAL BANK (GIB)

A. Members

211. Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia. The Abu Dhabi Investment Authority and the Gulf Investment Corporation are also participants.

B. Headquarters

212. P.O. Box: 1017, Manama, Bahrain; Telephone: 534000; Telex: 8802 DOWALI BN; Fax: 522633; H.E. Ibrahim Abdul Karim, Chairman; Mr. Ghazi M. Abdul-Jawad, General Manager. The Bank has overseas branches in London and New York, and representative offices in Singapore and Abu Dhabi.

C. Background

213. Aware of the importance of investment of some of their funds in banking projects which will be to their benefit, the Governments of the above-mentioned States signed on 13 November 1975 a Special Agreement

establishing the Gulf International Bank as a Bahraini shareholding company. The Bank was incorporated in Bahrain pursuant to Decree No. 30 of 1975 and with Commercial Registration No. 4660.

D. **Legal nature**

214. The Bank was set up for a renewable period of 50 years by a Special Agreement between the States concerned. It is basically subject to the provisions of this Agreement and the Articles of Association and such provisions remain in force even if they conflict with the internal law of the host country. In case of absence of a provision in this Agreement, the common principles contained in laws of the member States are adopted to the extent that these principles comply with the provisions of the Agreement and related Articles of Association. The Bank is entitled to have an interest or participate in any way with organizations or establishments practising similar activities or assist in the achievement of their objectives.

215. The State where the Bank is headquartered grants it the following privileges: (a) exemption from all taxes and customs duties for the Bank's assets, properties, incomes, operations and transactions provided for in the Agreement; (b) exemption from all taxes and duties for the Bank's shares when subscribed to or when circulating; and (c) exemption from taxes and fees for commercial paper issued by the Bank and the profits, interests, and commissions accruing therefrom, regardless of the owner. In addition, the Bank directors, staff and employees enjoy the following advantages in the host country: (a) judicial immunity in respect of work they perform in their official capacity; (b) exemption from immigration restrictions, registration procedures relating to foreigners and monetary control; (c) travel facilities; and (d) exemption from taxes for their salaries and remunerations payable by the Bank.

E. **Objectives**

216. The objectives of the Gulf International Bank are to offer all banking and commercial activities and services for the account of the Bank and/or for the account of others, or, in accordance with the prevailing banking laws, regulations and procedures. The speciality role of the Bank is to be emphasized through its ability to service the full range of the needs of the Gulf and the Middle East by development of expertise in merchant and investment banking, in portfolio management, and in industries most closely associated with the area.

F. **Capital**

217. The authorized capital of the Bank was initially fixed at BD 40 million divided into 4,000 ordinary and nominal shares each having a value of BD 10,000. The Extraordinary General Meeting held on 27 December 1990 decided to increase the capital to BD 547,070,000. It was further resolved to designate the existing shares of BD 10,000 each as Class B shares and for a new class of shares to be issued and designated as Class A shares.

On 31 December 1990, 16,965 Class A shares of BD 10,000 each were issued to Gulf Investment Corporation, thereby increasing the issued share capital to BD 547,070,000.

218. The issued share capital as of 31 December 1990 comprised 16,965 Class A shares of BD 10,000 each and 37,742 Class B shares of BD 10,000 each. Class A and B shares have equal rights and obligations, with the exception that any future capital reductions are to be applied firstly against Class B shares.

G. **Organization**

219. The General Assembly of the Bank represents all the shareholders; it oversees the Bank's activities, and it approves the closing account, as well as the profit and loss account, the reports of the Board of Directors and Auditors, and proposals for the distribution of profits. The quorum is acquired when the meeting is attended by shareholders representing more than half of the shares, and decisions are issued by an absolute majority of shares represented.

220. The management of the Bank is assumed by a Board of Directors composed of 10 members. The 10 members comprise a representative of each of the 7 shareholder States and 3 representative of the Gulf Investment Corporation. The Board meets at least once every three months. It has the power of supervision over the Bank's affairs and the conduct of its affairs and the laying down of the policy it follows. It is also entitled to issue the decisions and by-laws concerning any internal regulations relative to the Bank's operations, financial and administrative affairs, and the Bank's staff regulations, and it has the right to lay down the other regulations which are deemed appropriate to achieve the objectives for which the Bank was established.

221. A General Manager is appointed by the Board and is the Bank's Chief Executive, while Auditors are appointed by the General Assembly to audit the accounts of the fiscal year.

H. **Operations**

222. GIB has developed by offering a broad range of commercial and investment banking products sought by its clients and by expanding its expertise in the industries of the area. GIB recently restructured its operations to focus more narrowly on the Gulf market and the associated trade and financial flows between this area and Europe, North America and the Far East. The target market includes major indigenous private-sector corporations, Gulf-based financial institutions, multinational companies active in the area and the Governments of the GCC States and their respective agencies. Branches in London and New York and representative offices in Singapore and Abu Dhabi assist in servicing this client base. There are currently 350 people employed throughout the organization.

223. GIB has recently completed a series of capital-raising and provisioning exercises to ensure the continued strength of its balance sheet. At the 1990 year end, shareholders' equity amounted to US$ 420 million and total assets

stood at US$ 6.6 billion. With its extensive product skills, core market penetration, sound infrastructure, strong control environment and generous capital base, GIB considers itself to be one of the most professional financial institutions in the Gulf and well positioned to benefit from the attractive opportunities that it perceives in the region.

224. The Bank's 1990 results were significantly affected by the Gulf crisis. After making provisions of US$ 465 million against exposure to operations affected by the Gulf crisis, a loss for the year of US$ 422.4 million was recorded.

XVII. ARAB PETROLEUM SERVICES COMPANY (APSC)

A. Member countries

225. Algeria, Bahrain, Egypt, Iraq, Kuwait, Libyan Arab Jamahiriya, Qatar, Saudi Arabia, Syrian Arab Republic and United Arab Emirates.

B. Headquarters

226. P.O. Box: 12925, Tripoli, Libyan Arab Jamahiriya;
Mr. Abdullah S. Al-Badri, Chairman.

C. Background

227. Pursuant to the provisions of paragraph E of Article 2 of the Agreement of the Organization of Arab Petroleum Exporting Countries (OAPEC) on the need to utilize the common resources and potentialities of the member States in establishing joint projects in the various phases of activities in the petroleum industry, the member countries of the Organization 28/ established the Arab Petroleum Services Company (APSC) by an agreement concluded at Riyadh (Saudi Arabia) on 23 November 1975. This Agreement of 1975 became effective with the deposit of the instruments of ratification by the member States with the General Secretariat of OAPEC. On 8 August 1977 the Council of Ministers of OAPEC, met in Tripoli as Constituent Assembly of the Company, declared its establishment and appointed its Board of Directors.

228. The motive of establishment of this Company was to support the organization's member countries and their national oil companies in their endeavours in the petroleum field and to assist them in a manner congruent with their national objectives.

D. Legal nature

229. APSC has legal personality and full competence required for the realization of its objectives. It exercises its activities within and outside the territories of the member States and enjoys all rights and privileges of nationality that national companies do in each member State. The Company is basically subject to the provisions of the Agreement and its amendments, which prevail even when they conflict with the local laws of any of the member

States. However, in the absence of a provision in the Agreement, the general principles held in common in the laws of the member States prevail, in so far as such principles are consistent with those of the Agreement.

230. The Company is a holding unit empowered to create specialized companies in the branches of petroleum services; each company so created has a distinctive legal personality, full independence and full authority in carrying out its operations and conducting its activities. The minimum participation of the Company and the national companies of member States in the specialized company has to be not less than 60 per cent of its capital. The Company and the specialized companies are each independent in their administration and in the execution of their operations, and they carry out their activities on a commercial basis and for profit.

231. The Company and the specialized companies in a member State are accorded most-favoured treatment by that State with regard to the exemptions and concessions granted to companies which are engaged in a similar activity.

E. **Objectives**

232. The Company was set up with the objective of competing with foreign firms in Arab oil-producing States and reducing the dependence of the oil industry on external conglomerates. For this purpose it undertakes petroleum services by establishing specialized companies in several branches of petroleum services, and carries out its activities taking into consideration the maximum possible coordination with national petroleum companies and petroleum services ones in the member States.

233. Indeed, with the aim of providing nationals of member States with suitable opportunities, for working in the Company and its specialized companies, APSC trains and qualifies them on the basis of fair distribution.

F. **Capital**

234. The Company's authorized capital is set at LD 100 million; the subscribed capital is fixed at LD 15 million, divided into 15,000 shares of a nominal value of LD 1,000 each. The distribution of shares among the member countries is as follows: (a) the Libyan Arab Jamahiriya holds 17 per cent of subscribed shares; (b) Kuwait, Saudi Arabia and the United Arab Emirates have 14 per cent each; (c) Algeria, Qatar and the Syrian Arab Republic own 10 per cent each; (d) 15 per cent belong to Egypt; and (e) Bahrain and Iraq have 3 per cent each.

235. The right to participate in the Company is restricted to OAPEC member States. These States can entrust their representation in the exercise of this right to any authority, establishment or company affiliated to them, whether of public or private legal status. They can relinquish in favour of their nationals at most 49 per cent of the total shares allocated to each of them. The shares are nominal and transferable between the States and their nationals, or between nationals of the same State.

G. **Organization**

236. The Company has a General Assembly, a Board of Directors and a General Manager.

237. The General Assembly lays down the general policy of the Company and is composed of representatives of member States participating in the Company. It meets once a year and the presence of a majority of member States is required for the quorum. Decisions are taken by majority of votes representing the shares at the meeting.

238. The Board of Directors is appointed by the General Assembly and consists of one representative of each participating State, membership on the Board being for a renewable term of four years. It prepares its annual report, the by-laws for its activities, the draft annual budget and the final accounts of the previous fiscal year for submission to the General Assembly. It also undertakes studies necessary for the establishment of specialized companies.

239. The General Manager is appointed by the Board of Directors for a renewable term of five years. He is responsible for all the Company's activities under the supervision of the Board.

240. Any dispute arising between the participating States is referred to the Judicial Board of OAPEC or is settled by arbitration.

H. **Operations**

241. Since its establishment, the Company has placed emphasis on training and creation of subsidiaries. Arrangements were thus made with the Iraqi Oil Training Center, whose first training plan went up to 1980. In the same year the first specialized company, the Arab Drilling and Workover Company (ADWOC), was set up jointly by APSC, the Arab Petroleum Investment Corporation (APICORP) 29/ and Santa Fe International Services Inc. (owned by Kuwait Petroleum Corporation). This subsidiary was created for oil, gas and water well contract drilling and workover activities and its headquarters are located in the Libyan Arab Jamahiriya. APSC also has two other affiliates: the Arab Well Logging Company, established in Iraq in 1983, which operated three well logging units in 1988, buying a fourth the same year; and the Arab Geophysical Exploration Company which was set up in 1984.

242. The three affiliates have undertaken various activities in OAPEC countries, from seismic surveys to drilling operations, and permitted APSC to net US$ 2.05 million in 1988, almost doubling its earnings from US$ 1.36 million in the previous year.

243. The Arab Petroleum Services Company has carried out several studies, including projects for hydrocarbon and electric logging, cementing and acidizing. Special emphasis has been given to further and deeper studies of the Arab market to clarify economic indicators, to determine the size of projects and to provide suggestions for appropriate locations.

244. APSC is undoubtedly essential for OAPEC member States, whose economy is mainly based on petroleum, since it permits them to invest their petroleum resources in an economically diversified manner in viable and prosperous production and development projects, this is all the more important as service companies play an important part in the petroleum industry.

XVIII. SYRIAN-JORDANIAN COMPANY FOR INDUSTRY

A. Member countries

245. Jordan and Syrian Arab Republic.

B. Headquarters

246. P.O. Box: 925411, Amman, Jordan; Telephone: 667411/669173; Telex: 2100 INSJO; Fax: 662292; Mr. Hisham El-Taher, General Manager.

C. Background

247. Jordan and the Syrian Arab Republic, two neighbouring countries, have decided to intensify their cooperation through the establishment of joint stock companies with a structure similar to Arab companies established under the auspices of the specialized agencies of the League of Arab States. Thus the Syrian-Jordanian joint stock companies have incorporated options for participation by other Arab States and Arab corporations. Within this concept, the Higher Syrian-Jordanian Committee authorized the establishment of four Syrian-Jordanian joint stock companies at its first meeting on 30 July 1975. These companies are the Syrian-Jordanian Company for Industry, the Syrian-Jordanian Land Transport Company (headquartered in Amman), the Syrian-Jordanian Industrial Free Zone Company (in Dera'a) and the Syrian-Jordanian Shipping Company (in Lattakia).

248. In 1976, the Syrian-Jordanian Company for Industry was legally set up by the two countries in accordance with the Agreement on Economic Cooperation and Regulation of Trade concluded between them on 6 April 1975 and by virtue of the joint communiqué issued by the Higher Jordanian-Syrian Committee on 30 July 1975. This initiative reflects the two countries' desire to promote the Arab economy and effect industrial development and integration in both countries.

D. Legal nature

249. The Company was established as a joint stock company of limited liability having legal and corporate status, it is empowered to carry out its operations in each of the two countries according to its objectives, and it enjoys financial and administrative independence. It exercises its activities in all fields of industry and can establish branches in both countries and set up offices or agencies there or elsewhere.

250. The Company is subject to its Articles of Association and to its Bye-Laws, as well as to Jordanian laws. It enjoys the following exemptions and privileges stated in its Articles of Association: (a) exemption from

the Laws of Exchange Control, which makes the Company free to transfer its funds and profits within the Company to any party; (b) guarantee against expropriation, confiscation or non-judiciary custody for the Company, as well as its branches, factories and property; (c) exemption from rules and regulations imposing restrictions on public sector companies and institutions in both countries; and (d) the Company and its projects enjoy the exemptions and privileges stated in the Encouragement of Investment Laws and regulations applicable to the project.

E. Objectives

251. The Company has been set up with the following purposes: (a) to initiate, acquire and invest in various industrial projects in the two countries; (b) to participate in industrial projects that already exist or are being set up in the two countries; (c) to market the products of the Company's projects at home and abroad and meet their production requirements; (d) to assist in the achievement of industrial integration between the two countries; (e) to acquire real estate and other assets in various parts of the two countries and abroad with a view to the achievement of the Company's objects; and (f) to engage in various activities relating to the Company's aims and activities.

F. Capital

252. The capital of the Company amounts to JD 20 million, and each of the founders has subscribed one half. The liability of each of the shareholders is limited to the nominal value of their subscribed shares.

G. Organisation

253. The General Assembly represents all the Company's shareholders and includes the Ministers of Industry of the two founder countries and members of the Board of Directors. The Ministers of Industry of the two countries chair meetings alternately. Ordinary meetings are held twice a year and resolutions are adopted by a majority of members. In extraordinary meetings, the quorum is acquired with the presence of two-thirds of the members, and decisions require a majority of two-thirds of those present.

254. The Company is managed by a Board of Directors composed of eight members, with each of the founder States appointing four members for a renewable term of four years. The chairmanship is held alternately by one of the founders for two years, while the deputy chairmanship is held by the other founder. The Board meets at least once every two months in order to manage the Company's affairs and to draw up its general policies.

255. The General Manager is appointed by the General Assembly and is responsible before the Board for the Company's activities. Two auditors, one Jordanian and one Syrian, are also appointed by the General Assembly in order to audit the accounts of the Company according to the legal provisions valid in both countries.

H. Operations

256. The Company can exercise its activities in any field of industry and has conducted economic feasibility studies for a large number of projects in various fields such as carpets, sodium carbonate, ductile pipe, foundry work, drawn sheet metal, sodium zeolite, or vehicle assembly. However the Company also has to take into account the projects that the Higher Syrian-Jordanian Committee has defined and deemed profitable for the Company. These have included a white cement factory, a pesticide plant, a clothing factory and a ball-bearing plant. Eventually, it was decided to implement the following projects in accordance with their degree of priority: (a) the white-cement project; (b) the wall-to-wall carpet project; and (c) the pesticide project.

257. The implementation of the first project began in 1981 with an economic feasibility study undertaken by the Belgian company CBR, and a plant was constructed in the Dhuleil area in Jordan by the German firm BKMI, under the supervision of the Belgian consulting company Basse Sambre. The plant began commercial production on 1 August 1985 and has an annual production capacity of 100,000 tonnes of high-quality white cement surpassing international standard specifications. A public joint stock company known as the Arab Company for the White Cement Industry was formed with a subscribed capital of JD 10 million, and a half of this capital is held by the Syrian Jordanian Company for Industry. The cost of the project amounted to about JD 17.7 million and was covered by the fully paid-up capital, a KD 5 million loan from the Arab Fund for Economic and Social Development, and a JD 1 million loan from the Industrial Development Bank, with the remainder being financed by local credit facilities.

258. The wall-to-wall carpet project was implemented in 1983 after its economic feasibility had been established by a study carried out by the Italian company Snam Progetti. The plant, located in the Suwayda area in the Syrian Arab Republic, was constructed by the German company Unionmatex under the supervision of the Polish consulting company Polservice. It began commercial production on 1 January 1986 and has an annual production capacity of 3.1 million square metres of various types of wall-to-wall carpet. The cost of the project amounted to about JD 9 million and was fully covered by the Syrian-Jordanian company for Industry, and the creation of an independent joint Arab company for the carpet plant, decided on by the Higher Syrian-Jordanian Committee which met in Damascus from 2 to 3 July 1988, is under way.

259. In accordance with the directives issued by the Higher Syrian-Jordanian Committee at its July 1988 meeting, the Company has announced the creation of the Arab Insecticide Company as an Arab joint venture to be located in the Syrian Arab Republic. The capital has been fixed at US$ 22 million and the share price at US$ 100. Various bodies have announced subscriptions, which altogether total US$ 16.2 million. The subscription of the Syrian-Jordanian Company for Industry represents 25 per cent of the capital, and negotiations with Arab investment institutions are under way to ensure that the Company's capital is fully subscribed. The Company's Articles and Memorandum of

Association have been submitted to the Syrian authorities for the approval needed for the incorporation and registration of the Company in accordance with the provisions of Syrian law.

260. In addition to these three projects, the Company is continuing to study the inception of new projects on a joint bilateral or pan-Arab basis with the guidance and support of the Higher Syrian-Jordanian Committee.

XIX. ARAB COMPANY FOR DRUG INDUSTRIES AND MEDICAL APPLIANCES (ACDIMA)

A. Members

261. Bahrain, Egypt, Iraq, Jordan Investment Corporation, Kuwait, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syrian Arab Republic, Tunisia, United Arab Emirates, Yemen, Arab Pharmaceutical Manufacturing Company and Libyan Arab Foreign Investment Company.

B. Headquarters

262. P.O. Box: 925161, Amman, Jordan; Telephone: 82618; Telex: 21172 ACDIMA JO. Fax: 821649; Mr. Muwaffak J. Haddadin, Director General.

C. Background

263. The pharmaceutical industry was included among the priority industries to be developed in the Arab region as a follow-up to the reports submitted to the Secretariat of the Council of Arab Economic Unity (CAEU) by the technical committees set up at the beginning of the 1970s. Several symposiums and seminars of experts in this field were held to determine the ways and means of establishing what was considered as a vital and strategic industry. As a result of their recommendations, the Arab Organization of Industrial Development (now called Industrial Development Center of the Arab States) was requested to prepare a study on the establishment of an Arab industry for the manufacture and marketing of drugs. Its report was submitted to the Fourth Conference of Arab Ministers of Health, held in Baghdad, Iraq, in February 1975. The Conference recommendation was to request the establishment of an Arab joint venture in the pharmaceutical sector.

264. The Ministerial Meeting of the CAEU held on 4 June 1975 studied the report and adopted Resolution 698 which approved the establishment of the Arab Company for Drug Industries and Medical Appliances. At a meeting held in Cairo, Egypt, on 6 March 1976, 11 Government representatives signed the Memorandum and Articles of Association establishing the company. The Governments in question were: Egypt, Iraq, Kuwait, the Libyan Arab Jamahiriya, Qatar, Sudan, the Syrian Arab Republic, Tunisia, the United Arab Emirates, the Yemen Arab Republic and Democratic Yemen. 30/ After the ratification, the first meeting of the Company's General Assembly took place in January 1977. That same year, Saudi Arabia joined the Company, and Jordan and Bahrain did the same in 1979 and 1981 respectively. The Company was initially headquartered in Cairo, but due to political events in 1979, the Company's headquarters were transferred to Amman in Jordan.

D. Legal nature

265. ACDIMA was established by an agreement signed and ratified by the above-mentioned Arab States on 6 March 1976. The Treaty and its Annexes constitute the Law of the Company. The Company is a multinational public corporation enjoying legal personality and is subject to the laws of the host country only in a subsidiary manner. The Company operates on a commercial basis and can participate in or establish other companies inside or outside the member countries.

266. The Company was granted by the member countries several privileges and immunities which include, inter alia, exemption from all taxes, fees and levies on the gross and distributable profits and reserves of the Company; exemption from customs duties on all imports of equipment or material required for its operations; exemption from any foreign exchange control that may have an effect on its foreign and money transactions or on revenues accruing from its operations. In addition, the Company employees are exempt from residence permits in the host country and from income tax on their salaries.

E. Objectives

267. Although the pharmaceutical industry had already been established in 10 Arab States, its production covered only about 40 per cent of the total needs of the Arab world in the 1970s. In order to meet the increasing demand for pharmaceuticals, ACDIMA was set up to undertake all activities related to the production and marketing of pharmaceutical raw materials, pharmaceuticals, instruments and medical appliances. Production activities include human and veterinary pharmaceuticals and feed additives, while marketing activities include import of intermediate material commodities, ownership registration, and marketing of the Company's products. In addition, the Company carries out research activities in order to develop the pharmaceutical industry.

F. Capital

268. The initial authorized capital of the Company was KD 50 million, but the special General Meeting held in Tunis in 1979 increased the capital to KD 60 million divided into 6,000 nominal and indivisible shares with an individual value of KD 10,000.

269. Membership of the Company is reserved for Arab Governments, or to any corporation, company or organization nominated by them provided that they are fully owned by the Government, their own citizens or other Arab citizens. In 1979, the Jordanian Government decided to participate in the company through the Jordanian Pension Fund (later named Jordan Investment Corporation) and the Arab Pharmaceutical Manufacture Company Limited. The major capital subscription of the Company is as follows: (a) Iraq and Saudi Arabia (18.4 per cent of the capital each); (b) Egypt, Kuwait, Libyan Arab Foreign Investment Company, Qatar, the Syrian Arab Republic and the United Arab Emirates (9.2 per cent each); (c) Sudan (2.75 per cent); (d) Tunisia (1.84 per cent); (e) Bahrain, Oman and Yemen (0.92 per cent each); (f) Jordan Investment Corporation (0.27 per cent); and (g) the Arab Pharmaceutical Manufacturing Company and Palestine (0.18 per cent).

G. Organization

270. The Company is organized in a way similar to holding companies and the main organs of the Company are the General Assembly and the Board of Directors.

271. The General Assembly is composed of all shareholders of the Company owning at least 10 shares. The ordinary meeting of the General Assembly takes place once a year; it discusses and approves the dividends to be distributed to shareholders; it also elects the members of the Board of Directors and the Auditors and approves their reports. The quorum consists of shareholders representing 50 per cent of the paid-up capital and decisions are taken by a majority of votes present at the meeting.

272. The Company is managed by a Board of Directors which acts as its executive organ. It is composed of a maximum of 12 directors representing at least 500 shares each; no shareholder can be represented by more than two directors. The Board's members are elected for a period of three years; the Chairman and the Vice-Chairman of the Board are elected from among the directors representing the major shareholders. The Board meets four times a year; the quorum is acquired by the presence of a majority of members representing at least 60 per cent of the paid-up capital, and decisions are taken by absolute majority. Thus, the liability of the shareholders is proportionate to their participation in the Company's equity. As the executive organ, the Board enjoys the widest powers to manage the affairs of the Company and appoints a General Manager to lead the Company's operations under its supervision.

H. Operations

273. When the Company started its activities in 1976, there were 43 factories operating in Arab countries in the pharmaceutical sector. ACDIMA's principal field of activity has been to coordinate and collaborate in the establishment of new interlocking Arab pharmaceutical industries to cater for immediate and long-term needs so as to reduce Arab dependence on imported drugs. The Company's role in setting up new Arab pharmaceutical industries involves feasibility studies, promoting project financing, providing a channel for both public and private sector contributions, and participation in the equity.

274. At the beginning of its activities, ACDIMA received the assistance of UNIDO (United Nations Industrial Development Organization); a joint UNIDO/UNDP project drew up a production programme for the Arab pharmaceutical industry. The programme establishing the needs for and consumption of drugs in the Arab world served as a framework for the Company's further activities.

275. The first project to emerge after ACDIMA's establishment was the Arab Company for Antibiotics in Baghdad, Iraq, in which the equity of ACDIMA is 35 per cent. As Iraq was the only Arab country producing tetracycline in its own fermentation plant, in 1977 ACDIMA contacted the Iraqi Government to request its participation in the antibiotic project. The Iraqi Government

agreed to participate with 50 per cent of the equity. The production capacity of the plant is 200 tons of synthetic penicillin derivatives such as ampicillin and amoxicillin.

276. To produce antibiotics from the bulk supplies of the Iraqi plant and other pharmaceuticals, two pharmaceutical formulation plants were set up in the Gulf region by ACDIMA, which holds 25 per cent of the capital of both companies, namely: Saudi Pharmaceutical Industries Company (SPIMACO) and Kuwait Pharmaceutical Industries Company (KPICO), both of which produce pharmaceuticals and cover part of the essential drug needs in the area.

277. Moreover, the Company's participation in national projects was requested, and ACDIMA has participated in the share capital of two projects: the Gulf Pharmaceutical plant in Ras-Al-Khaima (United Arab Emirates), which is a formulation factory; and the Pharmaceutical Solution Industry in Jeddah (Saudi Arabia). ACDIMA is now a shareholder in both companies and is represented on their Board of Directors.

278. ACDIMA is now in the process of establishing the following projects: (a) pharmaceutical projects in the Syrian Arab Republic and in Tunisia; (b) a medical appliances project in the Libyan Arab Jamahiriya; (c) a packaging manufacturing project either in Bahrain or in the United Arab Emirates. In addition, feasibility studies for four more projects are now completed.

279. Recently, the Company has established a subsidiary company, the Arab Company for Veterinary Drug Industries and their Appliances (ARAVET) 31/ which is located in Amman, Jordan.

XX. JORDAN-GULF BANK S.A.

A. Member countries

280. Egypt, Jordan, Kuwait and the United Arab Emirates.

B. Headquarters

281. P.O. Box: 9989, Amman, Jordan; Telephone: 603931; Telex: 21959; Fax: (06) 664110; Mr. Adnan Abdel-Karim Darwaza, General Manager.

C. Background

282. Jordan-Gulf Bank S.A. was established in 1977 in order to provide banking and financial services in Jordan on a commercial basis. The Bank has 24 branches and offices spread over various parts of Jordan.

D. Legal nature

283. The Bank was incorporated in Jordan on 3 May 1977 as a limited public shareholding company. It received Commercial Registration No. 113 and it has been registered at the Central Bank of Jordan. It is entitled to establish branches and agencies within Jordan and abroad. The Bank is governed by its Memorandum and the Company Law and Banking Legislations in force in Jordan.

E. Objectives

284. Jordan-Gulf Bank S.A. is a commercial bank whose objects and purposes are the following:

(a) To carry out traditional banking services and other banking operations and transactions conducted by functioning banks in general;

(b) To render services to investment trustees for the administration of stocks and properties and other investments and financial services;

(c) To carry out the running and management of financial investments allocated and deposited for the purpose of investment, whether in a defined manner or on the basis of partnership in the Common Investment Fund;

(d) To found subsidiaries and branches, whether for the account of the Company itself in partnership with other companies or for the account of others;

(e) To manage and market bonds of financial value, other bonds and government bonds;

(f) To issue bonds and to participate in syndications pertaining to dividends of common investment funds;

(g) To establish representation offices abroad for the welfare and interest of the Bank.

F. Capital

285. The Company was set up with an initial capital of JD 5 million divided into 5 million shares of JD 1 each. In 1984 the Bank's capital was increased to JD 6 million and is fully paid, while the share value remained unchanged. The distribution of the Company's capital is as follows: 60 per cent of the shares are owned by Jordanian nationals and financial institutions, and 40 per cent by Gulf State nationals and institutions (Egypt, the United Arab Emirates and, principally, Kuwait). The responsibility of the shareholders is limited to the shares they own in the capital of the Company and each share has one vote in the General Assembly.

G. Organization

286. The General Assembly of the Company takes decisions by a majority of the shareholders represented at the meeting concerning the following matters: (a) the discussion and the approval of the reports of the Board of Directors and of the Auditors on the position of the Company and its accounts and balance sheet; (b) the election of Directors and Auditors; (c) fixing dividends for distribution according to the suggestion of the Board.

287. The management of the Company is carried out by the Board of Directors, which is composed of 12 members, including a chairman and a deputy chairman. To be eligible for membership on the Board, a candidate must be in possession

of not less than 10,000 shares of the Company. The Board is elected every four years by the ordinary annual meeting of shareholders and meets at least six times a year.

288. The Company also has a General Manager appointed by the Board of Directors which delegates to him the general management in cooperation with the Board.

H. Operations

289. The Jordan-Gulf Bank's financial situation is healthy regarding its 1987 financial statements, which show that the Bank's assets rose from JD 109,210,145 in 1986 to JD 120,462,719 in 1987. Over the same period, total profits increased from JD 466,306 to JD 559,644, and this was due to the rise in earnings (JD 10,601,639 in 1987) combined with the drop in expenditures achieved by the Bank.

290. Since its establishment in 1977, the Bank has been making efforts to cover the Jordanian market by opening branches and agencies in various parts of the territory. Eleven offices, including the headquarters, are located in Amman, while Hitteen and Aqaba have two offices each, and a branch has been set up in each of the following cities: Sahab, Abu-Alanda, Fheiss, Zarka, Madaba, As-Salt, Mu'Addi, Irbid and Ramtha. Expansion of the Bank beyond Jordan is conceivable, and meanwhile the Bank has taken participation in pan-Arab companies such as the Arab Company for Veterinary Drug Industries and Their Appliances (ARAVET) created in 1987.

XXI. SOCIETE NATIONALE INDUSTRIELLE ET MINIERE (SNIM) 32/

A. Member States

291. The Company's shareholders include four countries: Iraq, Kuwait, Mauritania and Morocco. IsDB and ARMICO are also shareholders.

B. Headquarters

292. B.P. 42, Nouadhibou, Mauritania; Telex: 551 MTN; Mr. Mohammed Saleck Ould Heyine is Managing Director. Representatives in: Nouakchott, B.P. 40259, telex 631; Paris, 5 rue Scribe, telex 230 550 F; Las Palmas, Canary Islands, Spain, 1019 Paseo de Chil, telex 96519 E.

C. Background

293. The Société nationale industrielle et minère (SNIM) was established in 1978 to exploit iron ore in Mauritania and to market it.

D. Legal nature

294. SNIM is a mixed-capital limited liability company. It was established under Mauritanian law in 1978. It is governed by Act No. 78-104 of 1978, establishing the company, and the Act of 24 July 1967 on commercial companies, and by its statutes.

E. Objectives

295. The Company's main objectives are prospecting for, working and marketing iron ore in Mauritania. In addition, it may build or manage iron and steel works and metalworking, chemical or petrochemical factories; set up, acquire, lease and exploit any establishment conducive to the achievement of its objectives and hold shares in any company connected with one of its objectives.

F. Capital

296. The Company's capital is 9,059,500,000 ougiyas divided into 905,950 shares of 10,000 ougiyas each. There are three categories of shares: shares belonging to the State of Mauritania and its representatives on the Board of Directors; shares belonging to national shareholders (individuals and corporate bodies under Mauritanian law); and shares held by non-Mauritanian Arabs.

297. The capital is distributed as follows: the State of Mauritania holds 70.89 per cent; the Kuwait Foreign Trading Contracting and Investment Company has 9.64 per cent; 7.61 per cent is held by the Arab Mining Company (ARMICO); 6.17 per cent by the Iraq Fund for External Development; 3.09 per cent by the Bureau de recherches de participations minières, Morocco; 2.41 per cent by the IsDB and 0.19 per cent by individual Mauritanians.

G. Organization

298. The supreme organ of the Company is the General Meeting of shareholders. Each member has as many votes as he possesses or represents shares, without limitation. For a Meeting to be legally valid, at least one authorized representative of the State of Mauritania and one non-Mauritanian Arab shareholder must be present: the quorum is not less than 25 per cent of the capital.

299. The Company is run by the Board of Directors, made up of 12 members, 6 of whom are nominated by the State of Mauritania, 2 by the Mauritanian shareholders and 4 by the non-Mauritanian shareholders. The Chairman of the Board is elected from among the representatives of the Mauritanian Government. The Board may also elect one or more vice-chairmen from among its other members. The Managing Director, who is chosen by the Board, is responsible for the management of the Company.

H. Operations

300. The main activities of the Company are prospecting for, working and marketing iron ore. In addition, it has some activities in the sphere of vocational training.

301. The main iron ore working sites are those of Kedia, Rhein, Tazadit, Rouessa, Azouazil and Ghulbs in Mauritania. The turnover was 7.986 billion ougiyas in 1987 - slightly less than in 1986 and 1985 but more than in 1984

and 1983. Despite an unfavourable international environment and the Company's austerity policy, operating results have been positive and the Company made net profits. Thus, in 1987, operating results were 1.331 billion ougiyas while, in 1986, the operating surplus amounted to 1.487 billion and profits to 43.6 million.

302. Iron-ore exports in 1987 were 9,001,633 tons, a reduction of 72,450 tons as compared with 1986, and 1,698,361 tons less than the management's forecast. The distribution of 1987 sales, in percentage terms, was the following: European Economic Community: 92.8 per cent; United States: 6.6 per cent; other countries: 0.5 per cent.

303. In 1997, staff-members were 4,519 in number, a reduction of 20.21 per cent on 1986.

304. Prospecting work has included the search for iron-ore water in Mauritania. Bore-holes sunk in recent years in search of water have been concentrated on the Bréche, El Ghaet and Tarf Srey sites. In 1986, 1,459.90 m of drilling was carried out in the Tazadit, Rouessa and Kekia pits, as a result of which additional reserves of water were discovered in those beds. In addition, the Company has prospected for uranium and phosphates.

305. As regards iron-ore prospecting, 1987 saw the discovery of outcrops of rich magnetite in the Guelbs M'Haoudat, 5.5 km north of Zouérate and 35 km east of the Guelbs el Rhein.

306. At the present stage of the prospecting, it is believed that there is a deposit of rich winnable ore estimated at 80 million tons.

307. The Company has harbour installations, which it operates itself, and rolling stock consisting of railway track, 43 locomotives and 1,400 wagons.

308. In 1985, the Company adopted a modernization plan for the adjustment and improvement of the production units; an international loan of 20 million ougiyas was floated to finance this plan. A project to increase the production of the Guelbs deposit and the productivity of SNIM as a whole was launched, financed by international loans (about 70 million United States dollars). At the end of 1987, the Company's debts amounted to 26.154 billion ougiyas.

309. In the framework of bilateral agreements between Mauritania and France, the Company obtained a rescheduling of its debts. Likewise, the Company's loans have been largely covered by a trust agreement, concluded between the Company, the lenders, the Mauritanian Government, Société Générale (France) and the Law Debenture Corporation Ltd. Under this agreement, whereby the Law Debenture Corporation Ltd. was appointed as "trustee", the trust account must be regularly provided with transfers to settle the half-yearly sums due to the lenders, the Central Bank of Mauritania and the Société Générale. In accordance with this latter agreement, which provided for the opening of a domiciliation account with the Société Générale to receive payments for the sale of ore, the Société Générale is to make the necessary transfers to the "trustee" to enable it to honour the provisions of the trust agreement. At the end of 1987, the trust account in question had a debit balance of 1,101,109,496 ougiyas.

XXII. ARAB JORDAN INVESTMENT BANK (AJIB)

A. Member countries

310. Jordan, Libyan Arab Jamahiriya, Qatar, Saudi Arabia and the United Arab Emirates. The Arab Investment Company is also a participant.

B. Headquarters

311. P.O. Box: 8797, Amman, Jordan; Telephone: 664126/7-668626/7; Telex: 21716/22087 AJIB JO; Fax: 681482; Mr. Abdul Kader Al Qadi, Chairman. The Bank has eight branches and a brokerage office at the Amman Financial Market and Foreign Exchange Unit at Queen Alia International Airport.

C. Background

312. The Arab Jordan Investment Bank was established in 1978 by Arab financial institutions to act as a bank specializing in investment. The founder institutions wanted to provide Jordan and the Arab world as a whole with a pan-Arab financial institution able to offer a wide range of banking and financial services in order to enlarge the medium and long-term financing facilities and to cooperate in the development of the growing network of inter-Arab and international money market operations.

D. Legal nature

313. The Bank was incorporated in Amman as a public shareholding company under Jordanian law. It is governed by the provisions of its Agreement of Establishment and the laws in force in Jordan.

E. Objectives

314. AJIB was created with a view to undertaking all types of medium and long-term financial operations in Jordan and abroad related to the development of existing and the creation of new enterprises, in particular by extending loans, participating in equities and financial syndicates, underwriting syndicates and selling groups, the placement of bond issues, notes or certificates of deposit and the handling of international financial transactions. Similarly, AJIB provides institutions and individuals with the usual domestic and international banking services, as well as investment portfolio management, securities trading for the account of clients, foreign exchange and fiduciary placements. AJIB also undertakes research and advisory mandates in the field of money, finance, mergers and joint ventures.

F. Capital

315. The capital of the Bank amounts to JD 5 million and is fully paid. In conformity with its pan-Arab concept, the share capital of AJIB is widely distributed over the Arab region and the principal non-Jordanian shareholders are: the Abu Dhabi Investment Authority (10 per cent), the Arab Investment Company 33/ (10 per cent), the Libyan Arab Foreign Bank (10 per cent), the National Commercial Bank of Saudi Arabia and the Qatar National Bank

(5 per cent each), and leading businessmen from the Gulf area. Jordanian shareholders comprise the Ministry of Finance (Pension Fund), the Housing Bank, the Arab Bank Limited, the Jordan Insurance Company, the Jordan National Bank, the Bank of Jordan, the Cairo-Amman Bank, and other corporate and individual investors.

G. Organization

316. The Bank's supreme organ is the General Meeting of shareholders. The Board of Directors is the administrative body which decides on the Bank's policies and appoints the Managing Director. The Board is composed of 11 members, among whom 6 represent respectively the Abu Dhabi Investment Authority, the Qatar National Bank, the National Commercial Bank, the Arab Investment Company, the Libyan Arab Foreign Bank and the Jordan Insurance Company.

H. Operations

317. The main specialized activities of AJIB include the following:

(1) Local capital markets: through its proximity and close link with the Jordanian market, the Bank has developed its abilities to serve the varied needs of its clients in its markets as follows: (a) the Bank provides advisory services on investment opportunities in Jordan, and helps to prepare and assess feasibility studies relating to such investment; (b) it manages investment portfolios denominated in Jordanian dinars for its resident and non-resident clients, and the funds are invested in equities, bonds and deposits under the supervision of its specialized staff; and (c) through its offices on the floor of the Amman Stock Exchange, it executes orders on behalf of its clients to buy and sell bonds and equities denominated in Jordanian dinars.

(2) Foreign exchange deposits: AJIB accepts deposits in foreign currencies. The interest rates payed are competitive with those of other international markets' participants.

(3) Trading in foreign exchange and precious metals: it buys and sells for its non-resident clients foreign currencies and precious metals at competitive rates.

(4) Foreign capital markets: for its non-resident institutional and private clients who wish to invest in foreign capital markets, the Bank manages their funds in those markets in manners consistent with their objectives and needs. Through in-house portfolio management, AJIB's specialized staff manages institutional as well as private clients' accounts with the objective of minimizing risks and maximizing returns. It puts funds to work by investing them in bonds and equities in liquid international capital markets. It designs an individual portfolio in order to meet the specific needs of an institutional or a private client. In addition, clients who seek to reduce their risks by pooling their funds with other clients can subscribe to the Bank's Mutual Fund which is invested in liquid investment instruments. Concerning portfolio management by proxy, the Bank manages,

for non-resident institutional and private clients aiming at diversifying their risks further, investable funds at competitive fees through one of its external portfolio managers. The funds are invested under a strategy approved by the Bank. Besides, it provides those clients averse to investment in fixed-income securities with participation in its portfolio which comprises trading in foreign exchange, equity investments in Jordanian dinars and other freely convertible currencies.

318. The 1990 financial review showed that AJIB achieved a net profit of JD 1.2 million. This was a good achievement for the Bank for 1990 in view of the challenges and crises which the region witnessed during that year. Those problems included the Gulf crisis and its effect on prices of shares traded on the Amman financial market and the problem of the liquidation of Petra Bank.

319. Total assets reached JD 145.9 million at the end of 1990 compared with JD 160.6 million at the end of 1989, a decrease in customer deposits resulting from the economic and political situation created by the Gulf crisis which forced people to keep extra liquidity at home. Another reason for the decrease in the total assets was the fall in the exchange rate of the United States dollar against the Jordanian dinar from 0.675 at the end of 1989 to 0.665 at the end of 1990, according to the mid rates between selling and purchase prices as announced by the Central Bank of Jordan. Total utilized loans increased to JD 45.7 million in 1990 from JD 39.3 million in 1989, which represents an increase of 16.2 per cent. Customer deposits decreased from JD 108.3 million in 1989 to 94.2 million in 1990, a drop of 13 per cent. The Bank's deposits reached JD 37 million in 1990 compared with JD 37.5 million in 1989. Shareholders' equity reached JD 10.3 million in 1990 compared with JD 11.4 million in 1989, a decrease of JD 1.1 million. This decrease resulted from an additional income tax payment of JD 1.5 million for the year 1989 which was taken out of the special reserve.

XXIII. SYRIAN LIBYAN COMPANY FOR INDUSTRIAL AND AGRICULTURAL INVESTMENTS (SYLICO)

A. Member countries

320. Libyan Arab Jamahiriya and Syrian Arab Republic.

B. Headquarters

321. 9 Mazzi Outostrad, P.O. Box: 4416, Damascus, Syrian Arab Republic; Telephone: 227927/227947; Telex: 412906 SYCOLI; Mr. Wassim Ibrahim, Director General.

C. Background

322. The Syrian Libyan Company for Industrial and Agricultural Investments is an Arab joint venture which was established in accordance with a special agreement concluded between the Governments of the Libyan Arab Jamahiriya and the Syrian Arab Republic. This agreement was signed on 21 January 1978 and was ratified by virtue of Legislative Decree No. 17 dated 11 May 1978. The term of the Company is 50 years beginning from the date of ratification of

the agreement and can be extended. The Company has made investments in industrial and agricultural fields and has concentrated its efforts on various agricultural projects in both agronomy and animal production development.

323. SYLICO has established several agricultural complexes where the most up-to-date techniques are utilized. Moreover, in order to improve productivity and to avoid waste, it bases its approach on agricultural intensification and on integration between crop and livestock production, making use of underground water resources. The Company has also given attention to industry and the economic and technical feasibility studies undertaken to determine the most suitable areas of high-yield industrial development, and has placed particular emphasis on projects which depend on local resources.

D. Legal nature

324. According to the provisions of the agreement, SYLICO is a Syrian-Libyan joint company forming a legal and moral entity enjoying full financial and administrative independence to engage in investment in industrial and administrative fields on a commercial basis. The Company is entitled to have an interest in, to take part in or to cooperate with other corporations or companies carrying on similar business and also to establish subsidiaries. It has the right to borrow in order to achieve its aims from the local, Arab and international markets.

325. The Company enjoys advantages and exemptions laid down by the laws encouraging investment in the Syrian Arab Republic. In particular, it is exempt from all taxes and analogous charges on profits and importations and from exchange regulations. Furthermore, as it is considered as part of the private sector, the special regulations and legislative laws of the public sector are not applied to it.

326. Any dispute arising between the two parties over the establishment agreement which cannot be amicably settled is settled by arbitration.

E. Objectives

327. The Company's main objectives are to contribute to the Policy of National Food Security in the Syrian Arab Republic by making food available through plant and animal production and to economic development through a better use of local resources. To this end, it mobilizes its efforts to develop advanced and modern methods of investment and production in the agricultural and livestock sectors. Furthermore, the motive for the establishment of SYLICO is to combine Libyan capital with Syrian human and natural resources within the framework of economic cooperation.

F. Capital

328. The Company's initial capital was US$ 100 million divided into 100,000 nominal shares of US$ 1,000 each, of which 50,000 shares

are held by the Syrian Arab Republic and 50,000 are held by the Libyan Arab Jamahiriya. The Libyan contribution is paid in United States dollars, whereas the Syrian contribution is in the local currency. A decision of the Extraordinary General Assembly at its session held on 9 October 1980 increased the capital to US$ 200 million with the value of each share amounting now to US$ 2,000 and the distribution among shareholders remaining unchanged.

G. Organization

329. The Company is managed by the Board of Directors which meets at least three times a year and decides on the administrative, financial and technical affairs and other regulations of the Company. The Board is comprised of six members, three Libyan and three Syrian, including a Libyan president and a Syrian vice-president. It is entitled to establish branches, offices or agencies for the Company inside and outside the Syrian Arab Republic.

330. The Board submits to the General Assembly, which represents all the contributors, the provisional budget and the financial statement of the Company. An auditor is also appointed by the General Assembly to verify the conformity of the budget with the accounts and the operations carried out by the Board of Directors.

H. Operations

331. The Company has made investments in agronomy and animal farming in the Syrian Arab Republic on a commercial basis through the establishment of industrial and agricultural complexes and the marketing of their products in the Syrian Arab Republic. The priority is given to sophisticated techniques and scientific methods within the framework of an agricultural intensification policy and integration of plant and animal production.

332. In the plant sector, an agricultural complex has been set up at Ras Al Ain (north-west of Hasake) in a 187,762 donum area mainly used for the planting of wheat, barley and corn; 15,000 donums of this area benefit from a mechanized sprinkling system supplied with drilled well water. The complex produces about 11,000 tonnes of wheat a year, 5,000 tonnes of barley, and 1,755 tonnes of yellow corn. Its productivity averages 500 kg/donum for yellow corn and 350 kg/donum for wheat and barley. There are also rain-irrigated areas where production rates amount to 150 kg/donum for black barley. At the beginning of 1990, the irrigated areas were increased by 11,500 donums.

333. In addition, the Company intends to improve its productivity by acquiring the most up-to-date techniques and by using improved seed varieties. The Company also stores crops for the needs of the agricultural complex, as well as for the poultry complex.

334. In the animal sector, SYLICO plays an important part in Syrian production through participation in similar enterprises and establishment of animal complexes such as: (a) the 645 donum poultry complex, set up in the vicinity of Damascus on 30 March 1983 and put into operation on 17 January 1985, which provides 49.5 million eggs and 1.32 million chickens a year,

representing 25 per cent of the total production of the public sector in the Syrian Arab Republic; (b) the 300 hectare cattle complex in Mzairaa (Province of Deraa) which comprises housing, cattle houses and milking centres. The complex provides 1,600 milking cows producing 6,720 metric tons of milk a year, 650 calves for fattening, 300 heifers in-calf and 35,000 cubic metres of manure for use as fertilizer. There is also a calf-fattening project with a capacity of 1,000 head per year, which will be established on an area of 300 hectares at Naba' al-Sakhr in the governorate of Quneitra.

335. The calf-fattening project and the utilization of underground water through well drilling for the agricultural complex (irrigation, sprinkling), as well as for animal needs (20 wells), comply with the Company's objective of achieving efficient integration between its different activities. Likewise, in its development endeavours, one of the main projects of SYLICO is to establish a Kashkawan cheese production plant to complement existing complexes. At the present stage, the Kashkawan cheese plant has a production target of 620 tonnes of Kashkawan cheese, 120 tonnes of soft cheese and 4,000 tonnes of protein-rich whey for cattle feed.

XXIV. ARAB DRILLING AND WORKOVER COMPANY (ADWOC)

A. Members

336. The Arab Petroleum Services Company (APSC), Santa Fe International Services Inc. (owned by Kuwait Petroleum Corporation) and the Arab Investments Corporation (APICORP).

B. Headquarters

337. Suani Road Km. 3.5, P.O. Box: 680, Tripoli, Libyan Arab Jamahiriya; Telephone: 80.00.64/65; Telex: 20361 ADWOCLY; Fax: 805945; Mr. Mohamed A. Attiga, General Manager.

C. Background

338. In 1977 APSC 34/ and APICORP, two enterprises established by OAPEC in accordance with the Organization's objective of synchronizing the policies of member States and developing the Arab oil industry through establishment of financial and technical companies, started discussions to create, jointly with Santa Fe International Services Inc., a specialized drilling subsidiary for oil, gas and water well contract drilling and workover activities.

339. On 20 June 1979 the three partners signed a special agreement establishing the Arab Drilling and Workover Company. The Establishment Agreement stated that ADWOC would take over all assets and contracts of Santa Fe in the Libyan Arab Jamahiriya and the three rigs valued at about US$ 30 million bought by APSC as part of its capital. This Agreement enabled the Company to start its drilling operations in the Libyan Arab Jamahiriya immediately after its registration in 1980.

D. Legal nature

340. ADWOC is a specialized company which has legal personality, full independence and full authority in carrying out its operations and conducting its activities in OAPEC member States and other Arab countries. In respect of the initial contract and its statutes, the Company is entitled to establish branches, offices or agencies in OAPEC member countries or any other country.

E. Objectives

341. The Company was set up to operate in OAPEC member States and other Arab countries with the following objectives: (a) to engage in all phases of onshore and offshore oil, gas and water drilling and workover activities and associated operations; (b) to maintain warehouses and workshops for storing, repairing and servicing the drilling rigs and other equipment owned or leased by the Company; (c) to perform any other services or functions provided that such services or functions relate to the Company's operations and activities or are normal extensions thereof.

342. In the framework of the latter purpose, the Company aims at training and qualifying as many Arab nationals as possible in all facets of the drilling and workover industry and related fields. For that reason a Training Department was established in 1980 from the beginning of the Company's operation and ADWOC has spent more than US$ 8 million on training since its establishment.

F. Capital

343. The capital of the Company is LD 12 million, divided into 12,000 shares with a nominal value of LD 1,000 each. The contribution of the three groups of shareholders in this capital is as follows: (a) APSC holds 40 per cent of the capital, paid in fixed assets consisting of three new land rigs; (b) APICORP has 20 per cent of the capital, paid in cash; and (c) Santa Fe International Services Inc. owns 40 per cent of the capital, paid totally in assets available in the Libyan Arab Jamahiriya, including four land rigs, and it has in addition transferred to ADWOC all contracts in progress in the Libyan Arab Jamahiriya.

G. Organization

344. The Company has a three-headed structure composed of a General Assembly, a Board of Directors and a General Manager.

345. The General Assembly represents all the shareholders and meets at least once a year to lay down the general policy of the Company.

346. The Board of Directors is composed of five members among whom two are proposed by APSC, two by Santa Fe and one by APICORP. The Chairman of the Board is selected by the General Assembly and is one of the two members proposed by APSC. The Board of Directors is responsible for the general management of the Company.

347. Finally, the General Manager is appointed by the Board of Directors and, as Chief Executive Officer and the legal representative of the Company, is responsible for the executive management of the various operations performed by the Company. Department managers report directly to the General Manager and consist of: Operations Manager, Financial Manager, Business Development Manager, Industrial Relations Manager, and Legal Advisor.

H. Operations

348. During the first 10 years of ADWOC's life (1980-1989), the Company served most of the oil companies in the Libyan Arab Jamahiriya and drilled more than 260 wells with a total depth of more than 2 million feet (600,000 metres), in addition to 7 wells drilled in the Syrian Arab Republic. In the same period, it has conducted workover activities on over 374 wells.

349. The performance achieved by the Company in the above drilling and workover activities was obtained through the special attention given to materials, maintenance, transportation and safety.

350. In order to deal with the expansion of its activities, ADWOC has had to increase its stock level of materials and spare parts. When the Company started working in 1980, the initial stock was valued at about US$ 1.5 million, but by the end of 1989 the value of the Company's stock was more than US$ 8 million. Facing this inventory growth, the Company decided in 1985 to build a new warehouse building consisting of two floors covering an area of 2,400 square metres at ADWOC's Tripoli yard. Moreover, stock records began to be computerized in late 1987, and by the end of 1989 the computerization process was completed.

351. Another factor in the performance of the Company is the importance attributed to maintenance. ADWOC has set up a Preventive Maintenance Programme consisting of oil analysis from rig prime movers, which permits the Company to achieve substantial cost savings and to plan major engine overhauls with minimum rig down time. Repair shops were also erected by the Company for its rigs, engines and trucks. In addition, other projects were completed such as the Preventive Maintenance System for the overhauling of major rig equipment and generators, the magnafluxing of drilling equipment, the Camp Maintenance Programme for all rig camp buildings, and the installation of an oxygen maker for rigs.

352. As ADWOC's rigs are scattered throughout the Libyan desert, transportation plays an important role and the Company has provided itself with a large fleet of heavy, medium and light vehicles comprising heavy duty vehicles, 16 forklifts and 112 light vehicles.

353. In order to maintain optimum operating conditions without incurring injury to employees and damaging equipment and facilities, the Company made all management and supervisory personnel responsible for the accomplishment of its safety objectives and meets all the safety requirements of all employees. A safety policy published in both Arabic and English has therefore been developed covering all the Company's activities and the safety

measures to be taken by all employees before any work is done. In addition, a Safety Award Programme has been developed to encourage all employees to participate in achieving the Company's safety objectives.

354. ADWOC's financial situation is relatively healthy despite the worldwide depression in the oil services industry. During the last 10 years the Company has made profits, except in 1982 and 1988, and it has obtained an average turnover of more than US$ 40 million. These good results have been attributed to the efficiency of ADWOC's services and the relatively low rates charged for them. In addition, diversification of the Company's activities has created additional sources of income which has helped to compensate for the reduction in drilling rates.

355. In its efforts to expand inside and outside the Libyan Arab Jamahiriya, the Company increased the number of its rigs from 7 in 1980 to 12 at the end of 1989. Eleven of these rigs are working in the Libyan Arab Jamahiriya and one in the Syrian Arab Republic with seven wells drilled since 1988. In addition, in pursuance of its objective of engaging in all phases of onshore and offshore oil, gas and water well contract drilling and workover activities, in 1986 ADWOC engaged in a turnkey deep water well drilling contract with the municipality of Misurata, and the work was completed in 1987. In August 1989, the Company signed a two-year contract with the North Oil Company of Iraq to drill several water injection wells in the Bai Hassan field.

XXV. ARAB BANKING CORPORATION (ABC)

A. Member countries

356. Kuwait, the Libyan Arab Jamahiriya and the United Arab Emirates.

B. Headquarters

357. P.O. Box: 5698, Manama, Bahrain; Telephone: 532235; Telex: 9432/3 ABCBAH BN; Fax: 533062/274674; Mr. Abdulmohsen Yousel Al-Hunaif, Chairman; Mr. Abdulla A. Saudi, Chief Executive. ABC Group has seven branches located in Bahrain, Grand Cayman, London, New York, Paris, Singapore and Milan, and six representative offices located in Rome, Houston, Hong Kong, Tokyo, Tripoli and Tunis.

C. Background

358. The Arab Banking Corporation was incorporated in the State of Bahrain with Commercial Registry No. 10299 in January 1980 by an Amiri Decree to operate under an offshore banking licence issued by the Bahrain Monetary Agency. The establishment of ABC coincided with a period of surging international liquidity attributable to the major oil price increase of the 1970s and the resulting large current account surpluses of OPEC and especially Arab OPEC members. ABC's initial activities were deliberately geared towards contributing to the deployment of this liquidity through the chosen medium of syndicated international lending. Since then ABC has developed an

international presence and close contact with central banking authorities, correspondent banks and clients worldwide by establishing an extensive network of branches and representative offices in major financial centres.

D. **Legal nature**

359. ABC is a limited company having the status of an offshore financial institution, which guarantees it the needed independence in the conduct of operations and the inviolability of its premises and files. Its activities are those of a licensed commercial bank as authorized by the Bahrain Monetary Agency.

E. **Objectives**

360. The Arab Banking Corporation was established in order to act as issuing and distribution agent in various international capital markets.

F. **Capital**

361. The authorized capital of ABC is fixed at US$ 1 billion of which US$ 750 million is subscribed and fully paid up. The capital is equally distributed among the three shareholders, the Ministry of Finance (Kuwait), the Central Bank of Libya (Libyan Arab Jamahiriya) and the Abu Dhabi Investment Authority (United Arab Emirates), which hold US$ 250 million each in the capital of the Bank.

G. **Organization**

362. The Bank's supreme organ is the General Meeting of Shareholders. The Board of Directors is the administrative body; it decides on the Bank's policies and is composed of nine members, including a Chairman and a Deputy Chairman. The Deputy Chairman is the Chief Executive Officer and is responsible for the management of the Bank's business and is also its legal representative.

H. **Operations**

363. In the aftermath of the crash in worldwide financial markets late in 1987 and the weakening of many banks' drive for business, the ABC Group moved quickly to restore its earning power and to gain market share in key areas such as trade finance, correspondent banking and corporate lending. ABC's activities during 1988 reflect an intensification of global marketing, continued diversification of products, further intra-group cooperation and increased technological innovation to improve both internal operating systems and controls and the quality and range of customer services.

364. The results for 1988 showed a total income of US$ 527 million and a net profit of US$ 124 million, compared with losses of US$ 217 million the year before. Total assets steadily increased from 1984 to reach US$ 19,127 million in 1988.

365. The principal subsidiaries (with corresponding shareholding percentages) of ABC are the following: (a) Banco Athlantico S.A. in Spain (56 per cent), with its three affiliates, Banco Athlantico Zurich A.G. in Switzerland (54 per cent), Banco de Iberoamerica S.A. in Panama (29 per cent) and Banco de la Exportacion S.A. in Spain (55 per cent); (b) International Bank of Asia Limited in Hong Kong (75 per cent); (c) Arab Banking Corporation - Daus & Co. GmbH in Germany (98 per cent); (d) ABC Banque Internationale de Monaco S.A.M. in Monaco (99 per cent); (e) Arab Investment and Services Co. in Bahrain (100 per cent) with its two affiliates located in the United Kingdom, ABC International Limited (100 per cent) and ABC Group UK Properties Limited (100 per cent). In addition, ABC has four affiliated companies: the Arab Financial Services Company and Arlabank International, which are incorporated in Bahrain; the Export Finance Company Limited, located in the United Kingdom; and Richard Daus & Co. Trust Company in Germany.

XXVI. SAUDI-BAHRAINI CEMENT COMPANY (SBC)

A. Member countries

366. Bahrain and Saudi Arabia.

B. Headquarters

367. King Saud Street, P.O. Box: 2464, Damman 31451, Saudi Arabia: Telephone: (03) 8344300; Telex: 801359 SBCDAM SJ; Fax: (03) 8345460; Mr. Shaykh Ahmed Juffali, Managing Director; Mr. Abdulaziz M.H. Showail, General Manager. Riyadh Office: P.O. Box 87164, Riyadh 11642, Saudi Arabia; Telephone: (01) 4773021.

C. Background

368. The Saudi Bahraini Cement Company is a Saudi joint stock company established under Royal Decree number M/36 dated 8 September 1980 and specialized in cement production. In October 1980, trial production was started, and marketing activities began on 26 April 1981; the 'Ain Dar plant was finally handed over by a German contractor, AEG Kanis, on December 1981 and the Company could really set in motion its production and trading activities.

369. The Company has used the services of foreign contractors from Europe and Japan in order to benefit from their technology and know-how while keeping full independence at the financial and decision-making level, since contractors' activities were carried out within the framework of technical cooperation.

D. Legal nature

370. SBC was incorporated in Saudi Arabia on 8 September 1980 and received commercial registration number 2050010931; it is thus governed by the Commercial Companies Law in force in Saudi Arabia.

E. **Objectives**

371. The Company was set up with the purpose of producing cement in Saudi Arabia and marketing it on the domestic market as well as abroad. It utilizes local resources and new technologies as much as possible in order to reduce costs and to increase productivity while assuring the highest quality standards for its products.

F. **Capital**

372. The Company's authorized capital totals SR 1.2 billion and consists of 12 million shares of SR 100 each. The paid-up capital is SR 900 million and is distributed as follows: 85 per cent of the capital belongs to Saudi Arabia and 15 per cent to Bahrain.

G. **Organization**

373. The Company's contributors are represented by the General Assembly, which deals with the general policy of the Company. The administration of the Company is under the responsibility of the Board of Directors, which appoints a General Manager and assigns to him the operational management of the Company under the supervision of the Managing Director.

H. **Operations**

374. In addition to its Damman and Riyadh offices, the Company has a plant in a 17 sq. km area at 'Air Dar, 20 km west of Abqaid on the Damman-Riyadh Road, which has an annual production capacity of 2 million tonnes of cement. This latter is marketed as ordinary Portland cement and sulphate resistant cement conforming to ASTM specifications and Saudi Arabian Standards. The Company also operates four kilns, each having a production capacity of 1,500 tonnes of clinker per day.

375. SBC has relations with foreign partners at different phases in the execution of its operations. On one hand the main contractors dealing with the Company are: (a) Ishikawajima-Harima Heavy Industries Company Limited (Japan), which is the principal one; (b) Holderbank Management & Consulting Limited (Switzerland), for technical design and specifications; (c) AEG Kanis (Germany), which supplied the Company with a 53 megawatt power plant comprising three gas turbines and one diesel generator; and (d) Siemens AG (Germany), which installed process control computers. On the other hand, the main clients of SBC, local or foreign, are contracting companies, cement processing industries, private housing and government agencies. Sales in the domestic market are to eastern and southern provinces of Saudi Arabia, but the Company also exports to other Gulf States, mainly to Bahrain, Qatar and Kuwait, as well as overseas, especially to countries in the Far East.

376. Concerning raw materials, limestone and clay are quarried locally, iron ore and bauxite are purchased from local and foreign sources, and gypsum is brought in from the Okair region 200 km from the plant. Studies show that local supplies of limestone and clay are sufficient to keep the plant operating at full capacity for 70 years.

377. Quality control is carried out by using advanced techniques such as X-ray spectrometers, process control computers, wet analysis and flame photometers. Thus the Company assures quality standards higher than ASTM, BSS and SASO specifications. This endeavour to achieve high quality and to use the most up-to-date techniques permits the Company to be competitive at the international level when it deals with foreign partners whether from neighbouring countries or overseas. The Company thus contributes to the development of world trade, as well as to the Saudi-Arabian economy, since it has 950 employees.

XXVII. KUWAIT ASIA BANK

A. Member countries

378. Bahrain and Kuwait.

B. Headquarters

379. P.O. Box: 10401, Manama, Bahrain; Telephone: 532111; Telex: 9611 KAB BN/9730 KABFX BN; Fax: 530831; Mr. Hamad Mishari Al-Humaidhi, Chairman; Mr. John Bonnici, Acting General Manager. The Bank has two branches, located in Melbourne, Australia, and Singapore.

C. Background

380. With the approval of the Directorate of Commerce and Companies' Affairs at the Ministry of Commerce and Agriculture, the Kuwait Asia Bank was founded on 16 March 1981 and was formally registered on 21 July 1981 as a Bahraini Exempt Joint Stock Company with Commercial Registry No. 11177. The Bank operates under an Offshore Banking Unit Licence (OBU) granted on 5 October 1981 by the Bahrain Monetary Agency. The Bank started its operations in Bahrain in January 1982, in Singapore in June 1982 and in Australia in September 1984.

381. The shareholders of the Bank are among the largest financial institutions and insurance companies in Bahrain and Kuwait, and they provide the Bank with support in expertise, resources and the ability to assume an important role in international financial markets.

D. Legal nature

382. The Bank was established as a Bahraini Exempt Joint Stock Company by an Agreement signed on 16 March 1981 between the financial institutions and insurance companies from Bahrain and Kuwait. It is subject to its Memorandum and the related Articles of Association, as well as to the provisions of the Law of Commercial Companies No. 28 of 1975 amended as per Legislative Decree No. 13 of 1980, and Ministerial Order No. 25 of 1977 amended as per Ministerial Order No. 5 of 1979. The duration of the Bank is fixed at 25 years and can be extended, and the Bank is entitled to establish branches, offices or agencies inside and outside Bahrain.

E. **Objectives**

383. The objective of the Bank is the establishment of an international, wholesale, merchant and investment bank headquartered in Bahrain in order to conduct business in the Middle East, Asia, the Far East, Australasia, Europe and North America through a network of branches, subsidiaries, affiliates and joint ventures. The primary emphasis of the Bank is to identify, promote, serve and participate in all kinds of banking, financial and investment activities for the development of investment, financial, industrial and commercial relations relevant to the economies of the above-mentioned regions.

F. **Capital**

384. The authorized capital of the Kuwait Asia Bank is US$ 150 million divided into 150 million nominal shares of US$ 1, of which US$ 100 million has been paid in. The following 13 Kuwaiti institutions and companies have subscribed for 88 per cent of the share capital: (a) Public Institution for Social Security (32 per cent); (b) Kuwait International Investment Company (9 per cent); (c) Al Ahli Bank of Kuwait, Commercial Bank of Kuwait, Industrial Bank of Kuwait, Kuwait Investment Projects Company, Kuwait Real Estate Bank, Kuwait Real Estate Investment Consortium, and Pearl Investments (each of which holds 5 per cent); (d) Gulf Insurance Company and Kuwait Insurance Company (4 per cent each); and (e) Al Ahleia Insurance Company and Warba Insurance Company (2 per cent each). Three Bahraini financial institutions hold the remaining 12 per cent of the capital, of which the Bank of Bahrain and Kuwait and the National Bank of Bahrain each has 5 per cent and Al Ahli Commercial Bank holds 2 per cent.

G. **Organization**

385. The supreme organ of the Bank is the General Assembly, which represents all the shareholders, and its business includes, inter alia, the following: (a) the appointment and removal of the members of the Board of Directors and the auditors and fixing of their remuneration; (b) the approval of the profit and loss account, the balance sheet, and the reports of the Board and auditors; (c) the amendment of the Memorandum and Articles of Association; and (d) the increase or reduction of the capital and its distribution.

386. The Bank is administered by a Board of Directors composed of 12 members appointed by the General Assembly for a renewable period of three years. The Board meets at least four times a year and the meetings are valid only if attended by no less than six members, and resolutions are adopted by a majority vote of the Directors present. The Board has full power to administer the Bank and can appoint a General Manager to manage the Bank's affairs under its supervision.

H. **Operations**

387. The year 1990, dominated by the crisis in Kuwait, will be remembered in financial circles as the period during which the international banking system, particularly in the Gulf, suffered untold strains, the repercussions of which will undoubtedly continue to be felt for some time to come.

388. The Bank incurred a loss of US$ 41.960 million for 1990, reversing the preceding two years' efforts. The loss resulted primarily from three factors: increased provisioning; a relatively high level of operating expenses, abetted by reduced activities yet higher interest costs; and a conservative evaluation of unrealized losses present in the equities and marketable securities trading portfolios.

389. Immediately following the invasion of Kuwait and along with a number of other Kuwaiti-owned institutions, the Bank was unable to operate its overseas accounts, at least until the latter part of the year, by which time it was experiencing a systematic withdrawal of financial support from the international banking community. Generally, availability of liquidity for Gulf-based banks was severely affected, but the Bank was able to continue to operate, albeit on a much reduced scale, thanks to the substantial funding support from certain agencies of the Government of Kuwait.

XXVIII. GULF ALUMINIUM ROLLING MILL COMPANY (GARMCO)

A. Members

390. Bahrain, Gulf Investment Corporation, Iraq, Kuwait Industrial Bank, Oman, Qatar and Saudi Arabia Basic Industries Corporation (SABIC).

B. Headquarters

391. North Sitra industrial area, P.O. Box: 20725, Manama, Bahrain; Telephone: 731000; Telex: 9786 GARMCO BN; Fax: (0973) 730542; H.E. Shaikh Ebrahim Bin Khalifa Al-Khalifa, Chairman and Managing Director; Mr. John Paterson, General Manager.

C. Background

392. The Gulf Aluminium Rolling Mill Company was jointly established in 1981 between the States of Bahrain, Iraq, Kuwait, Oman, Qatar and Saudi Arabia. However, it started its operations only five years later, after the rolling plant had been constructed on land leased from the Government of Bahrain in the North Sitra industrial area. The plant was inaugurated by the Amir of the State of Bahrain on 19 February 1986. The Gulf Investment Corporation became a shareholder in December 1987. The Government of Saudi Arabia transferred its shares to Saudi Basic Industries Corporation (SABIC) in September 1987, and the Government of Kuwait also transferred its shares to the Kuwait Industrial Bank in December 1987. The Company is specialized in aluminium foil production and has received patronage and support from the Ministries of Development and Industry and of Finance and National Economy.

D. Legal nature

393. The Company was incorporated in Bahrain on 14 April 1981 pursuant to Amiri Decree 6/1981 and received commercial registration number 11300. The Company is governed by the provisions of its Charter and the Bahrain Commercial Companies Law of 1975.

E. **Objectives**

394. The Company was set up in order to construct and operate a plant for rolling, cutting and fabricating aluminium in Bahrain. It markets its products in Bahrain, but the largest part of its production is exported overseas. Concerning employment policy, GARMCO aims at increasing and extending Bahrainization at all levels through internal and external training and replacement of expatriates.

F. **Capital**

395. The Company's authorized capital was initially BD 24 million, with 24 million shares of BD 1 each, but in September 1987 the capital was increased by BD 20 million to BD 44 million, the share value remaining unchanged. By the end of 1987, BD 18.4 million of additional share capital had been issued and fully paid. The distribution of the capital among the different shareholders is as follows: Bahrain (25.47 per cent), SABIC (20.75 per cent), KIB (16.99 per cent), Iraq (11.32 per cent), Oman (5.66 per cent), Qatar (5.66 per cent) and GIC (14.15 per cent).

G. **Organization**

396. The general policy and the general management of the Company are under the responsibility of the Board of Directors, which is comprised of eight members, including a Chairman, a Vice-Chairman and a Managing Director. The operational management is under the responsibility of the General Manager and his staff.

H. **Operations**

397. After two years of activity, GARMCO's production level reached almost 40,000 tonnes in 1987, with a turnover of BD 30,991,624. The production plan was revised to meet the high demand for GARMCO products, providing for 60,000 metric tons per year in 1990/1991. The marketing of the products was export-oriented, and the Company's sales were mainly to the following markets: (a) North America (37 per cent); (b) Far East (32 per cent); (c) Middle East (18 per cent) and (d) Europe (18.5 per cent). The sales of the Company include items manufactured by overseas subcontractors which represent 10 per cent of the turnover.

398. The main financial partners of the Company are: the National Bank of Bahrain, Gulf International Bank and Grindlays Bahrain Bank. Bahraini employees represent 65 per cent of the total labour force of GARMCO, which aims at furthering this evolution by internal and external training.

XXIX. SOCIETE TUNISO-SEOUDIENNE D'INVESTISSEMENT ET DE DEVELOPPEMENT (STUSID)

A. **Member countries**

399. Saudi Arabia and Tunisia.

B. **Headquarters**

400. B.P. 20, 1002 Tunis Belvedere, Tunisia; Telephone: 718233; Telex: 13594 TN; Fax: 719233; Dr. Mahsoun Bahjet Jalel is the Chairman; Mr. Sadok Bahroun is the Managing Director.

C. **Background**

401. The Société Tuniso-Séoudienne d'Investissement et de Developpement was established on 30 May 1981 by means of a convention signed between Saudi Arabia and Tunisia, dated 6 January 1981.

D. **Legal nature**

402. STUSID is a financial organization having the status of a mixed-capital investment company and the legal personality needed to carry out its activities. It is governed by its statutes and by the laws in force in Tunisia. The Company is empowered to associate with other organizations pursuing similar ends in the exercise of its work. It may also help to establish affiliates to execute specific projects and carry on any other activities directly or indirectly connected with its objectives.

E. **Objectives**

403. With a view to broadening cooperation between Saudi Arabia and Tunisia and to working jointly for economic development, STUSID was set up by the two States to promote and finance development projects in Tunisia, particularly industrial, agricultural, real-estate and tourist projects, on the one hand; and, on the other, to mobilize resources and channel them to economically viable projects.

F. **Capital**

404. The Company's initial capital was fixed at 100 million Tunisian dinars and is fully paid up. It was distributed equally between the Government of Saudi Arabia (50 per cent) and the Government of Tunisia and other Tunisian governmental institutions (50 per cent).

G. **Organization**

405. STUSID is run by a Board of Directors consisting of 10 members, 5 Tunisians and 5 Saudis, including a Managing Director responsible, under the Board's authority, for administering the Company. The members of the Board are elected for a three-year term by the General Meeting.

406. An Executive Committee, dependent on the Board, replaces the latter when it is not in session. It has all the Board's prerogatives apart from financial commitments, with respect to which its decisions must respect a certain ceiling.

407. There is also a Credit Committee, dependent upon the Board, which has been established to examine and decide upon proposals for the financing of small and medium-sized projects.

H. Operations

408. STUSID's activities are the following: (a) financing industrial, agricultural, real-estate, tourist and other projects; (b) taking up shareholdings and granting medium-term and long-term credits; (c) identifying and promoting projects; (d) establishing enterprises; (f) mobilizing external resources, particularly from international organizations; (g) mobilizing external resources in the form of direct investments, particularly from Arab investors; and (h) seeking technical and commercial partners.

409. For the year 1990, the Company's approvals almost doubled (+95 per cent) with a gross amount of D 63.1 million as against D 32.3 million in 1989. The approvals related to 50 projects in 1990 as against 46 in 1989. In all, at the end of 1990, accumulated gross approvals for the period 1981-1990 amounted to D 335.1 million and concerned 235 projects.

410. As in 1989, STUSID operations in 1990 related to new projects (more than 78 per cent of the approvals), nearly all of them in the private sector (about 99 per cent of the approvals). As regards distribution by sector, the most significant increase in STUSID operations occurred in the tourist sector, where the volume of approvals increased threefold (+219 per cent increase). The share of manufacturing industry as a whole fell in 1990 to 47 per cent of the total approvals, as against 61 per cent in 1989, despite the dynamism of the textiles sector, which increased by almost 12 points, from 26.3 per cent to 38.3 per cent. Approvals for the agriculture, fisheries and agro-industry sector remained above 22 per cent and increased in volume terms by +72 per cent (D 14.1 million as against D 8.1 million in 1989).

411. In regional terms, STUSID approvals related to 17 different governorates in 1990. All regions experienced an increase in the volume of approvals; the most distinct increase was recorded in the Centre-East coastal region, the share of which represented more than one third of the STUSID operations.

412. As for results, the turnover generated by STUSID activities was D 15,230,000 in 1990, as against D 14,450,000 in 1989. However, profits fell from D 7,625,000 in 1989 to 5,600,000 in 1990; this fall of D 2,025,000 is mainly due to greater prudence in the matter of provisions than in 1989.

XXX. BANQUE TUNISO-QATARIE D'INVESTISSEMENT

A. Member countries

413. Qatar and Tunisia.

B. **Headquarters**

414. B.P. 320, Centre Urbain Nord, 1080 Tunis Cedex 10, Tunisia; Telephone: 713555; Telex: BATUQA 13601-14753/4; Fax: 713111; Mr. Touafik Kalai is Chairman and Dr. Nejmeddine Dajjani is Vice-Chairman and Managing Director.

C. **Background**

415. The Banque Tuniso-Qatarie d'investissement was established by the two above-mentioned States in 1983 to finance development projects in Tunisia in accordance with the following basic principles: (a) development of activities involving strong industrial integration and improved command of technology; (b) promotion of agricultural production; (c) encouragement of export-oriented production; (d) creation of the maximum number of jobs; and (e) encouragement of private initiative. Financing of projects abroad of joint interest to the two States also falls within the framework of their economic cooperation objectives.

D. **Legal nature**

416. The Bank is a mixed-capital investment company enjoying legal personality and governed by its statutes and by the laws in force in Tunisia. By the convention establishing it, the Bank is - internationally speaking - an offshore bank. It is empowered to receive currency deposits from non-residents under Tunisian exchange regulations. It is thus a commercial bank that can carry out all banking operations linked to that activity.

E. **Objectives**

417. The main objective of the Bank is to prepare, carry out and finance all kinds of projects in Tunisia that are considered to be economically viable and financially profitable. It also finances import-export operations. The Bank is also empowered to finance projects of joint interest outside Tunisia. In the framework of the objectives assigned to it, it is also an international bank, required to operate in convertible currencies outside the Tunisian economic space.

F. **Capital**

418. The subscribed capital of the Bank is D 70 million, the paid-up capital being D 55,696,000 or 79.57 per cent of the subscribed capital. The capital is distributed between the two parties as follows: the Tunisian party holds 48.74 per cent of the shares and the Qatar partner has 51.26 per cent.

G. **Organization**

419. The deliberative organ of the Bank is the General Meeting, which elects a Board of Directors responsible for running the Company. This Board consists of eight members, including a Tunisian Chairman and a Qatar Vice Chairman; the

Tunisian party and the Qatar party are each represented on the Board by four members. The Board's quorum is the majority of its members and its decisions must be approved by a majority of those present.

H. Operations

420. The Banque Tuniso-Qatarie d'investissement finances medium-sized and large-scale projects, which means that it concerns itself only with projects in which the capital invested exceeds D 500,000. The Bank's operations are divided among the following sectors, in order of importance: (a) industry, 65 per cent; (b) tourism and real estate, 20 per cent; (c) agriculture and fisheries, 10 per cent; and (d) service and others, 5 per cent.

421. In 1989, the Bank approved financing for 24 projects in the various economic sectors as against 16 projects in 1988, an increase of 50 per cent. Overall investment in these projects amounted to about D 250 million, as against D 80.5 million in 1988. Approvals for these projects totalled D 25.4 million, as against D 14.8 in 1988, an increase of about 71.4 per cent. They were divided between medium-term and long-term loans (D 23 million) and the acquisition of shares (D 2.4 million), or 90.6 per cent and 9.4 per cent respectively of the approvals.

422. As for offshore activities, the Bank is still consolidating its international banking operations. As a result, the proportion of these activities is now 13 per cent of the Bank's total turnover as against only 7 per cent in 1988.

423. As regards financial results, the Bank's total balance in 1989 was D 115.2 million, as against D 120.6 million the previous year. This downturn reflects a temporary retreat from foreign risks (financing in foreign currencies) in an endeavour to strike a certain balance between possible commitments in Tunisia and abroad. This did not prevent the Bank from posting pre-tax profits of D 6.3 million in 1989, an increase of 12 per cent on 1988.

XXXI. SOCIETE TUNISO-ALGERIENNE DE CIMENT BLANC (SOTACIB)

A. Member countries

424. Algeria and Tunisia.

B. Headquarters

425. 14 bis, rue Ali Bouchoucha, Montfleury, Tunis, Tunisia; Telephone: 49.56.15 or 49.09.48; Telex: 1303 STUCIB; Fax: 495 649; Mr. Bechir Aounallah is the Managing Director. Fériana works: B.P. 5, 1240 Fériana, Tunisia; Telephone: 07.85.100; Telex: 70.028 STACIB; Fax: 07.45.189.

C. Background

426. The Société Tuniso-Algérienne de Ciment Blanc was established on 2 December 1983 in the framework of the brotherhood and harmony protocol between Tunisia and Algeria, signed on 19 March 1983. By its establishment agreement, it was assigned the task of manufacturing and marketing cement. The implantation of a manufacturing unit in Tunisia having been studied, the decision was taken to situate it at Fériana, in the Governorate of Kasserine, near the Algerian frontier. The construction contract was thus signed in January 1985 and work began in August 1985. Less than three years later and at a capital cost of D 95 million, it came on stream and the Company was able to begin production in January 1988.

D. Legal nature

427. SOTACIB is a joint company which takes the form of a private limited liability company and is registered under number 49495 in the Tunis Commercial Register. It has a full and entire legal personality and is governed by its statutes and by the Tunisian legislation in force.

E. Objectives

428. The enterprise was established for the purpose of setting up a factory in Tunisia to produce cement, using the joint potential of Tunisia and Algeria, and to market it in both countries within the framework of economic cooperation between the two countries of the Maghreb.

F. Capital

429. The Company's capital amounts to 24 million Tunisian dinars, the shareholders being the following: (a) Enterprise nationale de recherche et de développement des matériaux de construction (ENRDMC), Algeria; (b) Banque de coopération du Maghreb arabe (BCMA); (c) the State of Tunisia; (d) Société tunisienne de ciment blanc; (e) Société Tuniso-Saoudienne des investissements et de développement (STUSID); (f) Banque Tuniso-Koweitienne de développement (BTKD); (g) Société de Ciment de Gabes (SCG); (h) Centre technique de matériaux de construction de ceramique et de verre; and (i) Société tunisienne de banque. These shareholders are all of Tunisian or Algerian nationality and/or are established in one or other of the two countries.

G. Organization

430. The Company's structure consists of the following organs: the General Meeting of shareholders; the Board of Directors, which is responsible for administering the Company; and the Managing Director, who is in charge of the running of the Company and is the chief of its executive staff.

H. Operations

431. The Société Tuniso-Algérienne de Ciment Blanc specializes in the production of cement and its Fériana works has a production capacity of 210,000 tons of white cement per year. The products manufactured there

are CPA 55 and CPC 45 white cements, which are obtained by the so-called "dry process" and have a degree of whiteness of 86 per cent. Half of these products are marketed in Tunisia and the other half is exported to Algeria. To manufacture these products, the Company uses raw materials such as limestone, sand and plaster which are available in Tunisia itself (the first two at Fériana and the third at Maknassy); it has, however, to import china clay. The energy needed for production purposes is supplied to an extent of 85 per cent by gas from Algeria, the remaining 15 per cent coming from heavy fuel-oil.

432. The geographical position of its factory is such that the factory has local resources at its disposal, while the proximity of the Algerian frontier enables it to transport goods by road and rail. These two factors make it possible for the Company to reduce its costs considerably.

433. In addition, SOTACIB now employs 320 people and is helping to protect the environment and prevent pollution of the atmosphere and water by equipping its works with an electric dust-filter and a water-purification system.

XXXII. BANQUE AL-BARAKA MAURITANIENNE ISLAMIQUE (BANIS) 35/

A. Member countries

434. Mauritania and Saudi Arabia.

B. Headquarters

435. B.P. 650, Nouakchott, Mauritania; Telephone: 514-24 and 522-66; Telex: 535 MTN; Fax (2222) 516-21; Mr. Sidi Mohammed Lamine is Managing Director.

C. Background

436. The Banque Al-Baraka mauritanienne islamique (BANIS) is an institution belonging to the Al-Baraka financial group with its headquarters at Jeddah, Saudi Arabia. BANIS was established in September 1985 when its statutes were adopted by the constituent General Meeting.

D. Legal nature

437. The Bank was established as a limited liability company under Mauritanian law.

E. Objectives

438. The Bank's main objective is to participate in the economic and social development of Mauritania. While its activities are like those of any other commercial bank, it builds its relations on a basis that excludes all usury (riba), thus respecting the Islamic precepts and rules.

F. Capital

439. The Bank has a capital of 500 million ougiyas distributed as follows: 50 per cent for the Al-Baraka Investment and Development Company, Jeddah, Saudi Arabia; 40 per cent for Mauritanian private investors; and 10 per cent for the Central Bank of Mauritania.

440. The Bank's resources come from: (a) its own funds, comprising the capital and reserves which, at the end of 1987, amounted to UM 576,113,847; and (b) from external deposits, which can be collected from individuals and corporate bodies and banks with surpluses within the framework of financial "pools" established to finance projects and international trade operations in accordance with specific principles (these external deposits may be allocated from the outset to given short-term or medium-term projects or lodged in an overall basket and invested by the Bank in projects it selects; they are remunerated from the profits accruing from the projects, divided among the depositors in proportion to the amount and duration of the deposits); (c) local deposits collected from Mauritanian residents who wish to place and invest their savings in accordance with the Bank's specific principles. As at 31 December 1986, local deposits totalled UM 846,332,337.

G. Organization

441. The Bank's organs are: the General Meeting, the Board of Directors and the General Management. The Board of Directors has 12 members, 6 of whom represent the Al-Baraka group and 6 the Mauritanian party. The General Management is subordinate to the Managing Director, who is the Bank's legal representative.

H. Operations

442. The Bank can engage in the financing of projects in the following ways: (a) Maurabaha operations, i.e. term purchases and sales of goods and products for a remuneration fixed in advance, the term being from 1 to 12 months (this operational mode is used mainly to finance national or international trade); (b) taajir operations, which consist in financing capital goods for industrial projects of all kinds in the form of leasing; (c) moucharaka operations, which comprise both a constant shareholding (moucharaka daima) in the capital of a company, remunerated by dividends, and a decreasing shareholding (moucharaka moutanakisa) in the capital, also remunerated by dividends, with a possibility for the partners to recover the entire capital by reimbursing the Bank's share, or a portion or the whole of its dividends over a given period; (d) moudharaba operations, i.e. association of the capital provided by the Bank and the work supplied by the promoter for the execution of a project and distribution of the profits in proportions that remunerate each party fairly; and (e) miscellaneous banking operations, such as the opening of accounts and the receipt of deposits.

443. Short-term financing operations amounted to UM 790,777,964 on 31 December 1986, for a total of 98 sales operations of the mourabaha type, including offshore investments (UM 314,306,269) and local reuse (UM 15,226,688). As for long-term investments, the Bank financed six projects

for an amount of 1,170 billion ougiyas, with an average duration of five years: three industrial fisheries projects; one traditional fishing project; one industrial project and one project in the urban transport sector.

444. The Bank's net profit at the end of 1987 was UM 73,920,380.

XXXIII. ARAB COMPANY FOR VETERINARY DRUG INDUSTRIES AND THEIR APPLIANCES (ARAVET)

A. Members

445. ACDIMA (pan-Arab), and 14 institutions, organizations or companies from Bahrain, Jordan, Kuwait and Saudi Arabia.

B. Headquarters

446. P.O. Box: 141219, Amman, Jordan; Telephone: 674351/674352; Telex: 23898 ACDIMA JO; Fax: 677141; Dr. Abdul Mutalib A. Nasser, General Director.

C. background

447. The Arab Company for Veterinary Drug Industries and their Appliances is a subsidiary of the Arab Company for Drug Industries and Medical Appliances (ACDIMA) 36/ and was registered with the Ministry of Industry and Trade of Jordan, on the basis of a decision by the Council of Ministers on 7 January 1987, as a pan-Arab company based in Jordan. The Statutory Meeting held on 2 July 1987, decided to announce the definite formation of the company. The Registrar of Companies recognized the Company's right to begin its operations with effect from 19 August 1987.

448. With a view to ensuring pan-Arab coordination and integration in the manufacture and marketing of drugs, ACDIMA is empowered to provide ARAVET with technical supervision and guidance.

D. Legal nature

449. ARAVET is a subsidiary company formed for a renewable period of 50 years beginning on the date of its incorporation and is entitled to open or establish branches, offices or agencies inside Jordan or abroad. It is subject to the provisions of its Memorandum and Articles of Association and to the provisions of the Jordanian Companies Act in all respects for which explicit provision has not been made in its Memorandum and Articles of Association.

450. As ACDIMA's subsidiary and according to the first Article of the Company's Memorandum of Association, ARAVET enjoys the advantages specified in the Articles of Association of ACDIMA. These advantages include a commitment on the part of the host States to exempt the Company's gross profits, dividends and reserves from all taxes, dues and royalties throughout the Company's life until its final winding-up. This exemption does not apply to the Company's profits from the economic activities of its branches, agencies

or subsidiary companies in any State which is a shareholder in the Company, including the State in which the Company's registered office is situated. However, such profits are exempt for a period of not less than five years from the date of the project's first balance sheet showing a profit.

E. Objectives

451. The Company is mainly concerned with establishing a sound veterinary drug industry located in Jordan to cover partially the needs of the Arab world in respect of veterinary drugs. The objects of the Company therefore include the following: (a) engagement in all scientific, technical, industrial and commercial activities relating to the manufacture of veterinary drugs and their appliances, all activities in connection with the manufacture and marketing of veterinary drugs, their principal and ancillary raw materials and all their production requisites, as well as scientific studies and research; (b) establishment of or participation in independent companies or bodies corporate inside or outside the Arab world, provided that their objects are similar or complementary to ARAVET's ones; (c) to undertake any activities, transactions, contractual obligations and other commitments which it deems necessary or appropriate for the full achievement of its objects, and to coordinate on a regular basis with Arab and local companies manufacturing veterinary drugs.

F. Capital

452. The authorized subscribed capital of the Company amounts to US$ 15 million divided into 150,000 shares with an individual value of US$ 100, and half of this capital is paid up. All the Company's shares are nominal and carry equal rights and obligations.

453. The shareholders entitled to subscribe to the Company's capital are Arab Governments, institutions, organizations, companies and individuals. The main shareholders of ARAVET are indicated below with their respective participation in the Company and according to their nationality,

(a) pan-Arab: ACDIMA (20 per cent of the capital);

(b) Bahraini: the United Gulf Investment Corporation (6.666 per cent);

(c) Jordanian: the Jordan Gulf Bank and the Petra Bank (6.666 per cent each), the Cairo-Amman Bank (5 per cent), the University of Jordan (1.835 per cent), the Al-Malwa al-Itiman Company (1.335 per cent), the Jordanian-Kuwaiti Bank (0.666 per cent), and Yarmouk University (0.50 per cent);

(d) Kuwaiti: Yussuf Ibrahim & Abdullah Al-Ghanim & Partners, the General Organization for Social Insurance and the Public Investment Authority (each of these three shareholders has 6.666 per cent), and the Agricultural Projects Company (7.335 per cent);

(e) Saudi Arabian: The Saudi Company for the Pharmaceutical Industries (20 per cent), and the Thimar al-Jazira Corporation (3.335 per cent).

The liability of each shareholder in the Company is limited to the value of his equity participation, and each share entitles its holder to one vote.

G. Organization

454. The structure of ARAVET is based on the sharing out of responsibilities between three bodies. The Company's supreme body is the general meeting of shareholders. The Board of Directors is responsible for the direction of the Company, and the General Director is responsible with his staff for the management of the Company and is its legal representative.

H. Operations

455. ARAVET was set up in 1987, but production and commercial activities have not started yet and the major element of the Company's income, which amounted to US$ 491,968 in 1989, came from interest on bank deposits. In spite of important expenditure necessary for the beginning of operations, the Company made profits of US$ 39,488 and US$ 135,047 in 1988 and 1989 respectively, and by the end of 1989 the Company's assets totalled US$ 758,037, almost doubling in comparison with the 1988 figure.

456. Meanwhile, ARAVET's plant, with a capacity of 10,000 tons per year, was designed in compliance with EEC (European Economic Community) and FDA (Food and Drug Administration, United States) regulations. The production curve is expected to develop to 25, 50 and 75 per cent in the first, second, and third years to reach 100 per cent in the fourth year. The plant will fabricate a range of products which will include: antibiotics, anticoccidia, antihelmentics, vitamins, antibloat, antimastitis, antiseptics and disinfectants, etc. These products will be in the following pharmaceutical forms: powders, soluble and fodder premix, boli, oral solutions and creams. The main market to be covered by ARAVET is that of the Arab countries such as: Jordan, Iraq, Saudi Arabia, Kuwait, Qatar, United Arab Emirates, Oman, Bahrain and Yemen. However, marketing is also to be directed towards covering potential markets in the future.

457. In order best to prepare for the beginning of operations, the Company has concluded two agreements with foreign companies. The first contract was signed in 1988 with Sir Frederick Snow International Limited (United Kingdom) for design and supervision services in connection with the implementation of the plans for the Company's plant; the value of the contract amounted to US$ 1,196,215, and its execution period is expected to last for 18 months. The second agreement was signed in 1989 with the Italian firm Gellini Farmaceutici, which gave the Company the technical know-how rights in respect of Gellini's veterinary drug products and their appliances; the value of this contract amounted to US$ 240,000.

XXXIV. BANQUE ALBARAKA DJIBOUTI

A. Member countries

458. Djibouti and Saudi Arabia.

B. Headquarters

459. Avenue Pierre Pascal, B.P. 2607, Djibouti; Telephone: 35.50.46; Telex: 5738 DJ; Fax: (253) 35.50.38; Mr. Ahmed Ould Al Salem is Managing Director.

C. Background

460. The Banque Albaraka Djibouti was established on 23 December 1989 and is a member of the ALBARAKA group which was set up in 1982 with its headquarters at Jeddah, Saudi Arabia. The group has already been implanted in 10 countries, with 15 headquarters and agencies; three other establishments are planned in Asia. The Banque Albaraka Djibouti began operating in September 1990.

D. Legal nature

461. The Bank was set up as a private limited liability company under Djibouti law and is registered under number 2787/B, by virtue of the Cabinet decision of 1 July 1987 and the approval of the Governor of the National Bank of Djibouti (BND) by decision No. 1/89/GR of 5 October 1989.

E. Objectives

462. The Bank proposes to provide banking services and a system of financing and investment operations in keeping with the provisions of the Islamic Sharia. It intends thereby to satisfy part of the country's economic and social requirements and promote its economic and social development.

463. In addition, the Banque Albaraka Djibouti is endeavouring to develop trade, financing of projects and imports of capital goods between Djibouti and Saudi Arabia in particular but also with the Arab world, East Africa and countries in which the ALBARAKA group is represented.

F. Capital

464. The Bank's capital amounts to 300 million Djibouti francs and is completely paid up. 37/ Of these shares, 20 per cent are held by a group of Djibouti businessmen and 80 per cent by foreigners. The latter are divided as follows: the Saudi ALBARAKA Investment and Development Company has 50 per cent, Beit Ettamwill Saudi-Tounsi holds 20 per cent and the Islamic Development Bank has a 10 per cent holding.

G. Organization

465. The Bank's Board of Directors has seven members, including a Chairman and a Vice-Chairman. It appoints a Managing Director and directs with him the Bank's operations. In addition, the Bank has a four-member Sharia Council, provided by the ALBARAKA group Special Committee.

H. Operations

466. The Bank's operations cover all banking, financing and investment activities, organized according to the Islamic financial system; it also undertakes social activities.

467. As regards banking operations, customers' deposits are received in accounts of various kinds such as: (a) sight deposit accounts; (b) investment accounts which participate in the Bank's profits and losses such as savings accounts, term accounts and allocated investment accounts. In addition, the Bank supplies standard banking services.

468. Another aspect of the Bank's activities comprises financing and investment operations. Being an Islamic bank, the Banque Albaraka Djibouti does not, unlike conventional commercial banks, apply the principle of interest rates. It has, however, the following processes to increase its resources:

(a) Moudharaba enables the Bank to finance in whole or in part a profitable commercial venture by a partner who takes responsibility for its management, and thus for the work, on the basis of the principle of shared profits and losses;

(b) Mourabaha sales for the principal is often used to finance foreign trade and consists of the Bank paying for a partner's purchase order, with a profit margin agreed upon in advance;

(c) Moucharaba enables the Bank to finance in whole or in part profitable projects against a share of the profits fixed in advance and proportional to the amount of its participation in the financing of the project; and

(d) El ijar is a process whereby the Bank purchases equipment and/or materials and leases them to customers against a remuneration fixed in advance and over a given period.

469. In addition to the traditional banking, financing and investment operations, the Bank offers social services such as the granting of Qard Hassan and the establishment and management of a social fund.

Notes

1/ See Report of the Conference on Economic Cooperation among Developing Countries, Mexico City, 13-22 September 1976, vol. I, "Decisions of the Conference and Summary of Proceedings". (Distributed under cover sheet TD/B/628).

2/ See UNCTAD, Juridical aspects of the establishment of multinational marketing enterprises among developing countries, New York, 1982. (United Nations publication, Sales No.: F.82/II/D.9), para. 5.

3/ Ibid., para. 25.

4/ "Evaluation of Latin American multinational enterprises" (UNCTAD/ST/ECDC/35); "Latin American multinational enterprises: analytical summary" (TD/B/C.7/50 and Corr.1); "Multinational production enterprises" (TD/B/C.7/84); UNCTAD, Multinational shipping enterprises, New York, 1972 (United Nations publication, Sales No.: F.72.II.D.17); INTAL-BID, "Las Empresas Conjuntas Latino-americanas", Buenos Aires, 1977, Estudios Basicos, No. 1: "Multinational enterprises of Sub-Saharan Africa: analytical survey" (UNCTAD/ECDC/201).

5/ UNCTAD, op. cit., part II, chaps. I to IV.

6/ See TD/B/C.7/50 and Corr.1, p. iii.

7/ TD/B/C.7/50 and Corr.1.

8/ UNCTAD/ECDC/201.

9/ For further information on the legal personality of developing country multinational enterprises, see UNCTAD, Juridical aspects of the establishment of multinational marketing enterprises among developing countries, op. cit., first part.

10/ As at March 1991, one US dollar = 0.376 Bahraini dinars (BD).

11/ As at March 1991, one US dollar = 0.66 Jordanian dinars (JD).

12/ As at March 1991, one US dollar = 0.827 Tunisian dinars (D).

13/ The Extraordinary General Meeting of 27 June 1990 authorized the Board of Directors to increase the capital in one or several stages, within a period of five years, by a simple decision to a maximum of 40 million Tunisian dinars, by a cash contribution.

14/ As at March 1991, US$ 1 = 16.20 Algerian dinars (DA).

15/ As at March 1991, US$ 1 = 0.267 Libyan dinars (LD).

16/ As at March 1991, US$ 1 = 11.20 Syrian pounds (LS).

17/ The Kenana Sugar Company is reviewed in the present Compendium of Arab Multinational Enterprises.

18/ As at March 1991, one US dollar = 0.31 Iraqi dinars (ID).

19/ ADWOC is reviewed in the present Compendium of Arab Multinational Enterprises.

20/ As at March 1991, one US dollar = 3.75 Saudi Arabian riyals (SRI).

21/ Extract from the document "Multinational enterprises of sub-Saharan Africa" (UNCTAD/ECDC/201), paras. 152-161.

22/ As at March 1991, one US dollar = 76 ouguiyas (UM).

23/ As at March 1991, one US dollar = 0.292 Kuwaiti dinars (KD).

24/ As at March 1991, one US dollar = 4.40 Sudanese pounds (LSd).

25/ As at March 1991, one US dollar = 3.67 UAE dirhams (Dh).

26/ As at March 1991, one US dollar = 3.63 Qatar rials (QR).

27/ As at March 1991, one US dollar = 12 Yemeni rials (YRls).

28/ OAPEC members are: Algeria, Bahrain, Egypt, Iraq, Kuwait, Libyan Arab Jamahiriya, Qatar, Saudi Arabia, Syrian Arab Republic and United Arab Emirates.

29/ APICORP is reviewed in the present Compendium of Arab Multinational Enterprises.

30/ Yemen has been unified since 22 May 1990.

31/ ARAVET is reviewed in the present Compendium of Arab Multinational Enterprises.

32/ Extract from the document "Multinational enterprises of sub-Saharan Africa" (UNCTAD/ECDC/201), paras. 219-231.

33/ The Arab Investment Company is reviewed in the present Compendium of Arab Multinational Enterprises.

34/ APSC is reviewed in the present Compendium of Arab Multinational Enterprises.

35/ Extract from the document "Multinational enterprises of sub-Saharan Africa", paras. 323-333.

36/ ACDIMA is reviewed in the present Compendium of Arab Multinational Enterprises.

37/ As at March 1991, one US dollar = 177 Djibouti francs (DF).

Annex

LIST OF OTHER MULTINATIONAL ENTERPRISES JOINTLY ESTABLISHED BY ARAB COUNTRIES

1. Arab Bridge Maritime Company: jointly established in 1987 between Egypt, Iraq and Jordan; capital: US$ 6 million equally distributed among the three member countries; activities: sea transport of passengers and goods, shipping agencies, forwarding and land transport; P.O. Box 925808, Amman, Jordan.

2. Bahrain Flour Mills Company: established by Bahrain and Kuwait with a capital of BD 6.92 million; P.O. Box 26787, Manama, Bahrain.

3. Bahrain Insurance Company: founded in 1969 by the Governments of Bahrain and Iraq; capital: BD 5 million, 66.66 per cent Bahraini-owned, 33.33 per cent, Iraqi-owned; activity: all classes, including life-insurance; P.O. Box 843, Manama 304, Bahrain.

4. Bahrain Kuwait Insurance Company: established in 1975 between the States of Bahrain and Kuwait; authorized capital is BD 6 million and issued capital is BD 1.2 million equally distributed between Bahrain (50 per cent) and Kuwait (50 per cent); P.O. Box 10166, Manama, Bahrain.

5. Jordan Kuwait Company for Agriculture and Food Products: jointly established by Jordan, Kuwait and Saudi Arabia; capital: JD 2,514,000; P.O. Box 830008, Amman, Jordan.

6. Algerian-Libyan Exploration and Production Company (ALEPCO): established in 1988 between Algeria and the Libyan Arab Jamahiriya; paid-up capital: US$ 1 million equally distributed between the two participating parties; Tripoli, Libyan Arab Jamahiriya.

7. Arab Insurance Group: established in 1980 by the Governments of Kuwait, the Libyan Arab Jamahiriya and the United Arab Emirates; paid-up capital: US$ 150 million; activity: all non-life reinsurance; P.O. Box 26992, Arig House, Diplomatic Area, Manama, Bahrain.

8. Aluminium Bahrain (ALBA): founded in 1971 by the Governments of Bahrain and Saudi Arabia, which respectively hold 57.9 per cent and 20 per cent of the capital, the remainder being held privately; activity: operates a smelter with an output in 1987 of 180,344 tons; P.O. Box 570, Manama, Bahrain.

9. Bahrain-Saudi Aluminium Marketing Company: established in 1976 by the Government of Bahrain (74.33 per cent) and Saudi Basic Industries Corporation (25.67 per cent); activity: marketing ALBA products; P.O. Box 20079, Manama, Bahrain.

10. Bahrain National Gas Company (BANAGAS): established in 1979 between the Bahraini Government, Caltex and the Arab Petroleum Investment Corporation (APICORP) who respectively hold 75 per cent, 12.5 per cent and 12.5 per cent of the capital; activity: extraction, processing and sale

of hydrocarbon liquids from associated gas derived from onshore Bahrain fields; P.O. Box 29099, Rifa'a, Bahrain.

11. Gulf Petrochemical Industries Company (GPIC): established in 1979 as a joint venture between the Governments of Bahrain, Kuwait and Saudi Arabia, each with one-third equity participation; paid-up capital: BD 60 million; activity: production of ammonia and methanol; P.O. Box 26730, Sitra, Bahrain.

12. Oman Housing Bank: established in 1977 between Kuwait and Oman; activity: medium- and long-term finance for housing development; capital: RO 30 million, 60.9 per cent with Oman Government, 39 per cent with Government of Kuwait, and 0.1 per cent with Oman Development Bank; P.O. Box 704444, Ruwi, Oman.

13. Banque Tuniso-Libyenne pour le Développement et le Commerce Extérieur: founded in 1984 by Tunisia and the Libyan Arab Jamahiriya; objectives: to promote trade and development projects between Tunisia and the Libyan Arab Jamihiriya and to provide funds for investment in poorer areas; capital: US$ 25 million; B.P 102, Tunis, Tunisia.

14. Banque de Coopération du Maghreb Arabe: established in 1981 between Tunisia and Algeria; capital: US$ 20 million; activity: financing of joint projects between Tunisia and Algeria; B.P. 46, Tunis, Tunisia.

15. Société du Maghreb Arabe pour le transport du gaz naturel (SOMATGAZ): established in 1988 between Algeria, the Libyan Arab Jamihiriya and Tunisia; capital: TD 300,000; Tripoli, Libyan Arab Jamahiriya.

16. Yemen Airways (YEMENIA): originally formed in 1963 as Yemen Airlines, reorganized as Yemen Airways Corporation in 1972 following nationalization, present name adopted in 1978 following establishment of new airlines, 51 per cent owned by the Government of Yemen and 49 per cent by Saudi Arabia; P.O. Box 1183, Sana'a, Yemen.

17. Banque arab africaine mauritanienne (BAAM): established in 1984 by Mauritania and Egypt; purpose: conduct of banking operations; capital: US$ 150 million, 50 per cent held by Banque centrale mauritanienne and 50 per cent by African International Bank, Egypt; B.P. 622, Nouakchott, Mauritania.

18. Banque arabe libyenne-mauritanienne pour le commerce extérieur et le développement (BALM): established in 1972 by Mauritania and the Libyan Arab Jamahiriya; capital: US$ 200 million, 51 per cent held by the Libyan Arab Foreign Bank and 49 per cent by the Mauritanian Government; B.P. 626, Nouakchott, Mauritania.

19. Société arab libyenne-mauritanienne de ressources maritimes (SALIMAUREM): established in 1978 by Mauritania and the Libyan Arab Jamahiriya; purpose: processing of fishing products and construction of cold storage facility; capital: 2.3 billion ouguiyas; 50 per cent held by Mauritania and 50 per cent by the Libyan Arab Jamahiriya; B.P. 75, Nouakhibou, Mauritania.

20. Société arabe mauritano-irakienne de pêche (SAMIP): established in 1979 by Mauritania and Iraq; purpose: fishing and related activities; capital: US$ 20 million, 50 per cent held by Mauritania and 50 per cent by Iraq; B.P. 289, Nouadhibou, Mauritania.

21. Société algéro-mauritanienne de pêche (ALMAP): established in 1974 by Mauritania and Algeria; purpose: processing of fisheries products; capital: 230 million ouguiyas, 51 per cent held by Mauritania and 49 per cent by Algeria; B.P. 3212 Nouadhibou, Mauritania.

22. Compagnie mauritanienne de navigation maritime (COMAUNAM): established in 1973 by Mauritania and Algeria; purpose: marine transport and related activities; capital is evenly divided between Mauritania and Algeria; B.P. 799, Nouakchott, Mauritania.

23. Société arabe des mines de l'Inchiri: established in 1980 by Mauritania, Iraq, Jordan, the Libyan Arab Jamahiriya and Saudi Arabia; purpose: reopening and working of Akjouit copper mine; capital: 3,276 million ouguiyas, 37.5 per cent held by the Mauritanian Government, 25 per cent by the Iraqi Government, 20 per cent by ARMICO, 10 per cent by the Libyan Foreign Investment Company and 7.5 per cent by the Investment Company, Saudi Arabia; B.P. 9, Akjouit, Mauritania.